

Information Technology Project Request

Special Project Report



**Children's Medical Services
Network Enhancement 47
(CMS Net E47)**

December 2001

SECTION 1
SPR EXECUTIVE APPROVAL TRANSMITTAL

Information Technology Project Request

Special Project Report Executive Approval Transmittal



Department Name

Department of Health Services

Project Title (maximum of 75 characters)

Project Acronym

Children's Medical Services Network Enhancement 47

CMS Net E47

FSR Project ID

FSR Approval Date

Department Priority

Agency Priority

4260-144

Feb. 26, 1996

APPROVAL SIGNATURES

I am submitting the attached Special Project Report (SPR) in support of our request for the Department of Information Technology's (DOIT) approval to continue development and/or implementation of this project.

I certify that the SPR was prepared in accordance with the State Administrative Manual Sections 4945-4945.2 and that the proposed project changes are consistent with our information management strategy as expressed in our current Agency Information Management Strategy (AIMS).

I have reviewed and agree with the information in the attached SPR.

Chief Information Officer

Date Signed

Printed name: Roscoe Williams

Budget Officer

Date Signed

Printed name: Jose Ortiz

Department Director

Date Signed

Printed name: Diana M. Bontá, R.N., Dr. P.H.

Agency Secretary

Date Signed

Printed name: Grantland Johnson

SECTION 2

UPDATED IT PROJECT SUMMARY PACKAGE

2.0 UPDATED IT PROJECT SUMMARY

| 2.1 SECTION A: EXECUTIVE SUMMARY | | | |
|--|---|-----------------------------|------------------------------------|
| Information Technology Project Request Special Project Report Executive Summary | | | |
| Department: | Health Services | Agency | Health & Human Services |
| Project Title: | Children's Medical Services Network Enhancement 47 | Project Acronym: | CMS Net E47 |
| FSR Project ID: | 4260-144 | Department Priority: | |
| FSR Approval Date: | 2/26/96 | Agency Priority: | |
| Project Start Date: | 1/1/98 | Project End Date: | 12/16/2003 |
| Project Summary: | | | |
| <p>CMS Net E47 will correct deficiencies in the California Children Services (CCS) and Genetically Handicapped Persons Program (GHPP) programs and create efficiencies that are expected to result in annual savings of \$22.3 million. Additionally, this project provides service delivery benefits that are not measured in dollars. Providers will have a single identification number and the system will correctly decide which program should be charged for the service based on information contained in the patient's file accessed by the use of the Benefits Identification Card (BIC) and Point of Service (POS) equipment. Providers will have immediate access to current eligibility information, thereby reducing the incidence of the delivery of unauthorized services. Patients will have a single Client Index Number (CIN) that will be the key to program eligibility, treatment authorization, and appropriate claims payment. The increased intensity of inpatient nurse case management will help to ensure the appropriateness of hospitalization and the application of the most effective treatment when continued hospitalization is not indicated. CMS Net E47 will create a statewide patient, service authorization, and claims adjudication database, and provide the ability to access Healthy Families and Medi-Cal eligibility data to document federal Titles XIX and XXI reimbursement.</p> | | | |

| 2.2 SECTION B: PROJECT CONTACTS: | | | |
|----------------------------------|---|-----------------|---------------------|
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| Telephone No.: | 916-327-0680 | FAX No.: | 916-323-8104 |
| Name: | Jose Ortiz | | |
| Title: | Chief, Financial Management Branch | | |
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| Telephone No.: | 916-657-3219 | FAX No.: | 916-657-3212 |
| Name: | Terry Daffin (Project Manager, Document Preparer) | | |

| 2.2 SECTION B: PROJECT CONTACTS: | | | |
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| Title: | Project Manager | | |
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| 2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENT PLANS | |
|--|--|
| 2.3.1 Healthy Families (HF): | <p>In 1998 Congress enacted the Children’s Health Insurance Program (CHIP) by adding Title XXI to the Federal Social Security Act. In California CHIP is called the Healthy Families (HF) program. HF enables low-income families to enroll their children in their choice of a HF capitated managed care health plan. Many non-Medi-Cal eligible CCS clients are enrolled in these HF health plans. The plans are not capitated for or required to provide services to treat these enrollees’ CCS eligible medical conditions. Such services are provided on a fee-for-service (FFS) basis by the CCS program. Generally non-Medi-Cal CCS services are funded 50 percent by the State and 50 percent by the counties. However, for services provided to CCS/HF children, Title XXI federal financial participation (FFP) is available at the 65 percent level. This reduces the State and county share of these costs to 17.5 percent respectively.</p> <p>Claiming HF reimbursement for services provided to CCS children is dependent on the identification of CCS eligible children enrolled in HF plans and on tracking the FFS CCS costs for treating their CCS eligible medical conditions. CMS Net E47 includes an online statewide master eligibility system for CCS clients which provides linkage to a child’s HF enrollment information in the Medi-Cal eligibility data system (MEDS). This eligibility information will be automatically transmitted to the fiscal intermediary claims adjudication systems and matched to CCS claims. Full implementation of this system will enable CCS to maximize Title XXI FFP for CCS/HF children.</p> |

2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENT PLANS

2.3.2 Title V

California receives an annual \$40 million block grant from the federal Maternal and Child Health (MCH) Bureau pursuant to Title V of the Social Security Act. The MCH Bureau has designated CCS as the Title V children with special health care needs (CSHCN) program for California. As the State's CSHCN program, CCS receives approximately \$5 million of the Title V funds awarded to the State. These funds are passed through to county CCS programs as local assistance in support of CCS administrative case management activities. Each year the State must apply to the federal MCH bureau for the MCH block grant. This application must be based, in part, on a needs assessment of the service requirements of the State's CSHCN population. The State must identify quantified performance targets such as the percent of CCS children who have a "medical home"; the percent of the State's Supplemental Security Income (SSI) beneficiaries less than 16 years old receiving rehabilitative services from CCS; and the percent of CCS clients with comprehensive coverage for health care (e.g., Medi-Cal, Healthy Families, other health coverage/health insurance or health maintenance organization enrollment). California is currently unable to provide this information and will not be able to do so until there is: (1) a statewide master eligibility file for all children medically, financially, and residually eligible for the CCS program; (2) statewide client specific information on the diagnosis which is linked to each CCS child's medical eligibility for the program; and (3) information on each child's program eligibility for other publicly funded health care programs and for other health coverage such as private insurance. At full implementation, all of the required information will be available through CMS Net E47.

2.3.3 Claims Adjudication by the California Fiscal Intermediaries

The provisions of Section 123822 of the Health and Safety Code (enacted by AB 2793 – Ch. 1210/94) require all counties to have providers submit CCS claims directly to the State fiscal intermediaries (FIs) for adjudication. This is predicated on the use of a uniform hard copy FFS claim format by all CCS providers for claims submitted for CCS clients without regard to which county is responsible for the child's medical case management. CMS Net E47 is required to fully implement this provision because some counties continue to use automated stand-alone systems to process CCS claims which have the capability to match claims to service authorizations, match claims to client eligibility information, and electronically link to provider information. These counties correctly maintain that the transition of CCS claims adjudication to the State FIs without a statewide automated system would require them to revert to manual claims processing and review prior to submission of the claims to the FI for adjudication, with resulting increased staff resource requirements and costs.

2.3 SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENT PLANS

2.3.4 Health Insurance Portability and Accountability Act (HIPAA)

The administrative simplification provisions of HIPAA require the CCS program [also required for the Genetically Handicapped Persons Program – (GHPP)] to adopt uniform national standards for electronic data interchange (EDI) for health care claims, health care claims payment/remittance advice, health care claims status request/response, requests for service, and service authorizations by October 16, 2002. Conformance with HIPAA mandated national code sets, electronic claims attachments, unique identifiers, and privacy and security requirements will also be required.

The Department's medical and dental FIs have assessed their claims adjudication systems for HIPAA conformance and are currently remediating these systems for full HIPAA compliance. For most of the HIPAA standard transactions, CCS (and GHPP) will participate in and take advantage of the fiscal intermediaries' remediation efforts. However, this can only be accomplished if the following components of CMS Net E47 are developed and implemented: (1) the CCS statewide master eligibility file including CMS Net Phase II Eligibility must be fully functional; (2) the CMS Net electronic authorization link to the fiscal intermediary claims adjudication systems must be fully implemented; (3) CCS dental claims which are currently adjudicated by the medical fiscal intermediary must be adjudicated by the dental fiscal intermediary; and (4) the CMS Net linked provider enrollment/provider credentialing component must be functional. Other HIPAA requirements for CCS and GHPP are outside the scope of this project and will be addressed separately.

2.4 SECTION D: PROJECT SCHEDULE

| | | | |
|---|--|--|-------------------|
| Current Project Phase(s): | CCS Client Eligibility, CCS Provider Enrollment, CCS Authorizations | Total Planned Phases: | 15 |
| Planned Start Date: | 01/01/1998 | Actual Start Date: | 01/01/1998 |
| Planned End Date: | 09/26/2001 | Revised End Date: | 12/16/2003 |
| MAJOR MILESTONES: | | | |
| CMS Net – Healthy Families | 10/29/98 | Provider Enrollment Phase | 9/29/03 |
| FM21/Y2K Conversion | 2/16/99 | CCS Authorizations/Claims TPL Recovery Phase | 12/16/03 |
| Y2K Remediation & Testing – CMS Net/GHPP | 4/6/99 | CMS Net Full Screen Conversion | * |
| CMS Net E47 Requirements (MOU) | 1/28/99 | GHPP Full Screen Conversion | * |
| Dental E1 Requirements (MOU) | 8/20/99 | CMS Net Reporting | * |
| GHPP Automation | 9/15/98 | Medical Therapy Program | * |
| Client Eligibility Phase I | 5/1/01 | Post Implementation Evaluation Report | * |
| CCS Client Eligibility Phase II – Insurance | 7/25/03 | | |

* Will be addressed in a subsequent SPR

| 2.5 SECTION E. BUDGET INFORMATION | |
|--|-----------------|
| FSR Approved Project Cost: | \$11,751,600 |
| SPR/BCP Approved Project Cost (12/97) | \$13,238,640 |
| Last SPR/BCP Approved Project Cost (8/99): | \$26,736,797 |
| One-time Expenditures to Date: | \$7.549 million |
| On-going Expenditures to Date (as of 6/01): | \$68,889 |
| Total Expenditures to Date (as of 6/01): | \$7.618 million |
| Sources of Funding: | |

| 2.6. SECTION F: TOTAL VENDOR PROJECT BUDGET | |
|--|---|
| Vendor Name: | M/MGMT Systems, Inc |
| Vendor Payments to Date: | \$631,442 |
| Vendor Name: | Electronic Data Systems |
| Vendor Payments to Date: | \$2,374,694 |
| Vendor Name: | Delta Dental Plan of California |
| Vendor Payments to Date: | \$359,509 |
| Vendor Name: | Visionary Integration Professionals, Inc. |
| Vendor Payments to Date: | \$2,474,174 |
| Vendor Name: | IBM |
| Vendor Payments to Date: | \$409,882 |
| Vendor Name: | Logicon |
| Vendor Payments to Date: | \$226,957 |

| <i>Vendor Project Budget</i> | | | | | | |
|---|------------------|--------------------|--------------------|--------------------|-----------------|-----------------|
| | FY 97/98 | FY 98/99 | FY 99/00 | FY 00/01 | FY 01/02 | FY 02/03 |
| M/MGMT Systems, Inc | \$65,287 | \$111,660 | \$215,436 | \$239,058 | | |
| Electronic Data Systems | \$110,261 | \$743,443 | \$719,382 | \$801,607 | | |
| Delta Dental Plan of California | | | \$107,043 | \$252,466 | | |
| Visionary Integration Professionals, Inc. | | \$151,848 | \$768,905 | \$1,553,421 | | |
| Logicon | | | | \$226,957 | | |
| IBM | | | \$409,882 | | | |
| Total Vendor Budget | \$175,548 | \$1,006,951 | \$2,220,648 | \$3,073,509 | | |

2.7 SECTION G: RISK ASSESSMENT INFORMATION

Project Risk Management includes processes and activities that identify, analyze and respond to risk, maximize the results of positive events, and minimize the consequences of adverse events. The four basic processes are:

- **Risk Identification** – determine the risks that are likely to affect a project and document their characteristics – *also called risk analysis or risk assessment*.
- **Risk Quantification** – evaluate risks and risk interactions to assess the range of possible impacts and project outcome – *also called risk analysis or risk assessment*.
- **Risk Response Development** – define steps for opportunities and responses to threats – *also called risk planning or risk mitigation*.
- **Risk Response Control** – respond to changes in risks over the life of the project – *also called risk management or risk monitoring*.

2.8 SECTION H: PROJECT PROFILE

The objectives of the CMS Net E47 project include the creation of a statewide database of CCS patient demographic, service, and expenditure data in order to meet federal, State and local reporting requirements. CMS Net E47 links the CMS Net application with other statewide databases, including the MEDS and the Statewide Client Index (SCI) and merges client eligibility and claims processing automation with those established for Medi-Cal by using the State's FIs, Electronic Data Systems (EDS) and Delta Dental Plan of California (DDPC), for CCS and GHPP claims processing. This connectivity among programs and databases creates the ability to better identify and serve clients and providers who are eligible for or provide services for multiple programs within DHS.

SECTION 3

PROPOSED PROJECT CHANGE

3.1 PROJECT BACKGROUND/SUMMARY

The mission of the Children's Medical Services (CMS) Branch is to assure the health of California's children. The CMS Branch is responsible for three major programs, two of which are addressed by the CMS Net E47 project:

3.1.1 California Children Services (CCS) Program:

The CCS program originated with the legislative enactment of the California "Crippled Children's Services Act" of 1927. The program is the oldest publicly funded health care program in California. CCS is a joint State and county program that provides diagnostic and treatment services, medical case management, and physical and occupational therapy services to children under 21 years of age with CCS-eligible medical conditions (e.g., genetic diseases, chronic medical conditions, infectious diseases producing major sequelae, and traumatic injuries), from families who are unable to afford the child's health care. The program currently serves approximately 150,000 children, of whom about 80 percent are eligible for Medi-Cal. The remaining children are from families with incomes of less than \$40,000 or are children with annual medical expenditures for the treatment of their CCS-eligible conditions which exceed 20 percent of their families' incomes. The cost of providing services to these non-Medi-Cal eligible children is shared equally by the State and the counties.

3.1.2 Genetically Handicapped Persons (GHPP) Program:

GHPP covers Californians 21 years of age or older with certain genetic diseases such as cystic fibrosis, hemophilia, sickle cell disease, and certain metabolic diseases. GHPP is administered statewide through the CMS Branch office in Sacramento.

There are approximately 2,000 active GHPP cases, 52 percent of which are Medi-Cal eligible. Program costs for non Medi-Cal eligible GHPP clients are funded through the State general fund.

3.1.3 Project History

CMS Net is an automated case management system for CCS currently used by 49 counties and three CMS Branch regional offices. Nine other counties use other automated or manual systems. Several of these counties, including Los Angeles, which has over one third of the State CCS caseload, plan to convert to the State's CMS Net system.

The Feasibility Study Report (FSR) for CMS Net E47 was completed in December 1995 and approved January 1997. A Special Project Report (SPR) was submitted September 1997 and approved by the Department of Information Technology (DOIT) and the Technology Investment Review Unit (TIRU) in December 1997. A second SPR was submitted in April 1998 and approved in September 1998. A third SPR was submitted October 1999 and approved in April 2000.

The CMS Net E47 project was funded effective January 1, 1998. The enactment of the Healthy Families (HF) program required unanticipated changes to the order of

deliverables for the CMS Net E47 project to ensure that the CCS program could identify CCS clients who are also HF clients. These changes enabled the State to claim federal HF funds for CCS service costs. The HF deliverables of CMS Net E47 were completed in October 1998.

In April 2001, CCS Client Eligibility Phase I was implemented and completed. This phase of the project enhanced the eligibility determination and case management functions of the system. CCS eligibility information is sent to MEDSDaily and added to the statewide eligibility database. This phase of the project also established the use of the Benefits Identification Card (BIC) for CCS clients. BICs are issued to CCS eligible clients and enable providers to inquire the statewide database for eligibility information.

The CMS Branch has completed business requirements for CCS Client Eligibility Phase II – Insurance, Provider Enrollment and CCS Service Authorizations phases of the project and is in need of a software developer to complete the CMS Net portion of the project. The State's FIs have completed a majority of the development of their Provider Enrollment phase and the majority of the Service Authorization design phase. When these phases are completed, the FIs will move resources to the HIPAA project. The FIs will resume development on the application program interfaces (APIs) necessary for the integration of CMS Net with the FIs claims processing systems when a software developer is procured for CMS Net.

3.1.4 Project Objectives

The objectives of the CMS Net E47 project are:

- Allowing providers to submit electronic claims directly to the State's Fiscal Intermediaries (FI), Electronic Data Systems (EDS) and Delta Dental Plan of California (DDPC), for CCS and GHPP claims processing.
- Implementation of Assembly Bill (AB) 2793 requiring counties to have providers submit CCS and GHPP claims to the State's FIs for processing.
- Implementation of a statewide master eligibility system of all CCS and GHPP clients.
- Provide capability for providers to submit claims electronically for adjudication.
- Establishment of an electronic link to the statewide provider master file for CCS and GHPP provider information.
- Establishment of a statewide file of authorized services for CCS and GHPP clients.
- Establishment of a statewide database of CCS and GHPP patient demographic, service, and expenditure data in order to meet federal, State and local program information requirements.

To achieve these objectives, CMS Net E47 links the CMS Net application with other statewide databases, including MEDS and SCI. Client eligibility and claims

processing automation will be achieved using the State's FIs, EDS and DDPC. This connectivity among programs and databases creates the ability to identify and serve 1) clients who are eligible and 2) providers who provide services for CCS and GHPP clients.

The CMS Net E47 project is expected to realize \$22.3 million in annual savings at full implementation by eliminating inefficiencies in the current manual claims review and cost recovery processes and by redirecting staff responsible for claims review to eligibility management and inpatient nurse case management activities. In addition, CMS Net E47 will make it possible to realize general fund savings by maximizing federal Titles XIX and XXI financial participation in the CCS program.

3.2 DESCRIPTION OF PROPOSED CHANGE

3.2.1 Project Scope

This SPR addresses the minimum functionality needed for automation of CCS claims and recovery processing. This phase of the project has been divided into three sub-phases: Client Eligibility Phase II – Insurance, Provider Enrollment and Claims Authorizations. Other phases of this project will be addressed in a future SPR. The scope of the Health Insurance Portability and Accountability Act (HIPAA) phase is also not included as it is a separate project and will be addressed in a separate SPR. HIPAA will have impacts on this project and is identified as a risk. The total scope of this impact will not be known until a detailed assessment and gap analysis is completed. This is scheduled for early 2002.

CCS Client Eligibility Phase II – Insurance will collect private health insurance information from CCS clients to assist the DHS in recovering costs from other third party payers providing services. CCS is the payer of last resort. The claims adjudication process will charge claims to other third parties including Medi-Cal and Healthy Families before CCS is charged.

Provider Enrollment Phase will provide a statewide database of approved medical and dental providers and facilities that provide services to CCS and GHPP clients.

CCS Service Authorizations Phase will provide a statewide database of authorized services. The database will be used during claims processing, enabling providers to submit claims directly to the FI for processing and eliminating delays and inefficiencies in the current manual process.

Also included in this SPR are significant changes to the Economic Analysis Worksheets (EAWs). The Existing System Cost Worksheet has been changed to reflect operating costs of the existing CMS Net system. The Alternative System Cost Worksheet has been changed to reflect only one-time system development costs and continuing costs for completing the phases documented in this SPR. The one-time development costs and continuing cost is \$14,852,836, a \$12 million reduction from the previously approved cost of \$26,736,798.

3.2.2 Project Staff

The project staff has changed significantly since the implementation of the Eligibility Phase I component. Upon implementation of that component, the primary developer chose not to renew the contract for the remaining components, leaving the CMS Branch without a development contractor. The developer was also the support and maintenance contractor for the operational system and is no longer providing those services. In addition, contracts for business analysts and testers working in the CMS Branch have ended.

The DHS shall procure a new contractor through a Request for Proposal (RFP) for the development of CCS Client Eligibility Phase II - Insurance, Provider Enrollment and CCS Service Authorizations, and support and maintenance of the CMS Net system. Staffing and resources necessary for implementation of the CMS Net E47 components and support and maintenance of CMS Net will be the responsibility of the new contractor. A resource plan and schedule will be developed as part of the procurement process. CMS Branch will provide dedicated staff to assist the developer providing subject matter expertise during rapid application development (RAD) and testing of the project.

The DHS has developed workplans, resource requirements and cost schedules for the procurement of the new developer and for software development that can be used as guideline for purposes of this SPR. The estimates for the software development were established using the COCOMO II (Constructive Cost Model) parametric model. For workplans, resource requirements and cost schedules see Attachments A and B.

The DHS has contracted for a full-time project manager and will continue to do so for the duration of the project. The project manager will oversee project activities related to cost, schedule, risk, communication, resources and procurement.

In addition, DHS will procure an Independent Project Oversight contractor to provide independent oversight of the CMS Net E47 project. This contractor will be required on a one half-time basis through award of the development contract, then on a full-time basis for the duration of the project.

3.2.3 Project Schedule

The DHS has developed a procurement schedule and plan for the procurement of a contractor to provide development services and support and maintenance services. Procurement activities are under way with development of a California Multiple Awards Schedule (CMAS) statement of work for a contracted acquisition team. The team will develop a request for proposal (RFP) for procurement of a developer. The RFP is scheduled to be issued in March 2002. The contract is scheduled to be awarded in August 2002. See CMS Net E47 Developer Procurement Workplan (Attachment A).

The schedule for the development and implementation of the CMS Net E47 components in this SPR will be the responsibility of the new contractor. However, DHS has developed an implementation schedule that can be used as a guideline for purposes of this SPR. The scheduled start date for development activities is August

2002 with an implementation date of December 2003. See CMS Net E47 Project Workplan (Attachment A).

The State FIs, EDS and DDPC, have completed a large portion of the Provider Enrollment development phase and the Claims and Authorization design phase. When these phases are completed, the FIs will move resources currently working on CMS Net E47 to HIPAA. The FIs will resume activities, moving resources back to the project when a CMS Net developer is procured. Schedules and workplans for the FIs are provided in CMS Net E47 FI Workplans (Attachment A).

3.2.4 Project Cost

The new baseline for the CMS Net E47 project resulted in the reduction of the cost of one-time development and continuing costs from \$26.7 million to \$14.9 million. Cost estimates for the one-time development of the phase addressed in this SPR were estimate using the COCOMO II (Constructive Cost Model) parametric model for software development.

The final cost schedule for implementation of the CMS Net E47 components will be the responsibility of the new development contractor. However, the DHS PMO and the CMS Branch have developed a Resource Requirements and Cost schedule that can be used as guideline for purposes of this SPR (Attachment B).

Cost schedules for project management, project oversight and FI costs are also included in CMS Net E47 Cost Schedule (Attachment C).

3.3 REASON FOR PROPOSED CHANGE

The purpose of this SPR is to establish a new baseline for project costs and a new estimate for the costs of completing the next phase of CMS Net E47.

Previous EAWs understated the cost of operating the existing CMS Net system and overstated the cost of developing CMS Net E47. In large part, this resulted from the convention utilized in previous estimates of treating Health and Human Services Agency Data Center (HHSDC) services costs as continuing costs for the development of the new system in lieu of treating them as costs for operating the existing system. Treating these costs as existing system operating costs reduces the cost of the project by approximately \$2 million annually (see Existing System Cost Worksheet in Attachment K).

In addition, the cost for converting counties to CMS Net from county stand alone systems as well as the cost of leased computer equipment provided by the State to counties to support this conversion were included as existing system costs. See Existing System Cost Worksheet Assumptions (Attachment F).

Another area of focus for this SPR is the cost of completing the next phase of CMS Net E47. Due to the need to expedite the implementation in order to achieve the primary goal of automating the claims adjudication process, the CMS Branch will concentrate on providing the core CCS business functions to CMS Net – Client Eligibility Phase II - Insurance, Provider Enrollment and Service Authorizations.

This focused effort is not an indication of the lack of need for the other components. It is intended to facilitate better control of the overall project. It will result in a concentrated effort to develop and implement this portion of the project that will ultimately deliver much needed automated claims processing relief for the CCS provider community. The resulting efficiency in claims processing will assure providers that they will be paid for services in a timely manner, which should enhance the quality of service for CCS clients.

3.4 JUSTIFICATION

3.4.1 CMS Branch

The CCS provider community is demanding that DHS improve the efficiency of CCS claims processing. Many have threatened to leave the CCS program and others already refuse to see additional CCS clients because of claims adjudication inefficiencies and delays. Without qualified providers, the effectiveness of the CCS program is in jeopardy. CCS clients will be at risk of not receiving necessary medical services.

3.4.2 Impact to CCS if Proposed Changes are not Approved

If the SPR is not approved, the consequences for the CMS Net E47 project and for the CCS program would be severe.

- Without the improved claims processing, the CCS program will continue to lose qualified providers. The inability to maintain a reliable provider base will result in deterioration of the CCS program's ability to provide critical medical services to over 150,000 children with serious medical conditions.
- The State will be unable to realize the projected savings/benefits of the project.

The benefits resulting in cost savings/avoidance upon completion of Enhancement 47 are significant:

- a. Implementation of this project will eliminate the need for claims review and approval activities by county CCS programs. The savings associated with this will reflect a reduction of 136 county staff and an annual cost savings of \$5.1 million.

This benefit will be fully realized after 1) an 18 month claims and review process transition period beginning after the implementation of the CCS Service Authorization phase and 2) all counties have converted to CMS Net. During the transition period, all authorizations and claims submitted prior to full implementation of CMS Net E47 will be reviewed and processed as they are currently. After implementation, authorizations and claims review processing will be fully automated.

With implementation of this project, this assumption and associated cost savings will be incorporated into the annual CCS and Medi-Cal Local Assistance Budget Estimates.

- b. Some of the savings resulting from the automation of authorizations and claims review and processing will be redirected to intensive nurse case management activities.

The Medi-Cal Case Management (MCCM) program provides intensive case management services for targeted groups of chronically ill, hospitalized Medi-Cal beneficiaries. These services are provided by in-hospital nurse case managers who provide intensive case management, rapid authorization of medically necessary services, hospital discharge planning and coordination, and close post-discharge follow-up, including referrals and linkages to community based services, to avoid rehospitalization. Analysis of the results of this program has demonstrated the efficacy and economies that can result from intensive case management of hospitalized seriously ill patients. This analysis empirically demonstrated that an average nurse case manager month of intensive case management services enabled Medi-Cal to avoid costs associated with 66 acute inpatient hospital days.

Savings similar to those demonstrated for the MCCM program can be achieved by county CCS programs which provide case management services to CCS children if a portion of county administrative resources can be redirected from billing and claims processing activities to intensive inpatient case management by CCS nurse case managers. Additionally, such redirection will enable county CCS programs to expand client services and achieve enhanced medical outcomes for their service populations without requiring new resources or additional funding. This will result in a projected cost avoidance for CCS of \$15.0 million annually.

This benefit will be fully realized after 1) an 18 month claims and review process transition period beginning after the implementation of the CCS Service Authorization phase and 2) all counties have converted to CMS Net. During the transition period, all authorizations and claims submitted prior to implementation will be reviewed and processed as they are currently. All authorizations and claims received after implementation will be reviewed and processed automatically.

With implementation of this project, this assumption and associated cost savings will be incorporated into the CCS and Medi-Cal Local Assistance Budget Estimates.

- c. Other Health Coverage (OHC)/Recovery: Implementation of an automated OHC system will significantly reduce erroneous payment of claims for clients with private health insurance. Expected savings are \$500,000 annually. Inclusion of CCS/GHPP in the DHS Third Party Liability Recovery program should result in savings of \$1.0 million annually. The combined annual savings is \$1.5 million annually.

This benefit will be realized after implementation of the CCS Service Authorization phase and conversion of all counties to CMS Net.

With implementation of this project, this assumption and associated cost savings will be incorporated into the CCS and Medi-Cal Local Assistance Budget Estimates.

- d. **Audit Recovery:** Implementation of CMS Net E47 will allow for electronic provider audits, saving staff hours required to manually perform these tasks. Estimated savings are \$660,000 annually.

This benefit will be realized after implementation of the CCS Service Authorization phase and conversion of all counties to CMS Net.

With implementation of this project, this assumption and associated cost savings will be incorporated into the CCS and Medi-Cal Local Assistance Budget Estimates.

SUMMARY OF SAVINGS BY FUND SOURCE

| Benefit | Federal Titles XIX and XXI Funds | County Funds | General Funds | Totals |
|---|---|-------------------------|--------------------------|---------------------|
| County CCS Claims and Review Activities | \$2,059,600 | \$514,900 | \$2,574,500 | \$5,149,000 |
| Redirection of Resources to Intensive Case Management | \$6,504,600 | \$1,245,950 | \$7,243,450 | \$14,994,000 |
| Other Health Coverage and Third Party Liability | | \$748,175 | \$748,175 | \$1,496,350 |
| Audit Recovery | \$93,800 | \$286,100 | \$286,100 | \$666,000 |
| Totals | \$8,658,000 | \$2,795,125 | \$10,852,225 | \$22,305,350 |

3.5 IMPACT OF PROPOSED CHANGE ON THE PROJECT

3.5.1 Project Schedule

The CMS Net E47 project was originally planned for completion in September 2001. However, due to the resignation of the development contractor and the need to procure contract services through a competitive bid process, the project is delayed.

The contract award of a new development contractor is scheduled for August 2002. The implementation of CCS Client Eligibility Phase II – Insurance is scheduled for July 2003 followed by the implementation of the Provider Enrollment phase in August 2003 and finally, the CCS Service Authorizations phase in December 2003.

3.5.2 Project Costs

The project costs are significantly decreased due to the revision of the baseline for the existing and continuing costs in the EAWs. The new baseline for the CMS Net E47 project reduces the cost of one-time development and continuing cost from \$26.7 million to \$14.9 million. Costs for remaining phases of the project are not included and have not been estimated.

CMS Net E47 Development Cost Estimate Comparison

| Description | Last approved SPR | Current SPR | Difference |
|--------------------------|--------------------------|---------------------|-----------------------|
| One Time: | | | |
| Staff | \$3,921,743 | \$1,623,627 | (\$2,298,116) |
| Hardware/Software | \$1,162,214 | \$0 | (\$1,162,214) |
| Data Center Services | \$0 | \$0 | \$0 |
| Contract Services | \$4,570,766 | \$11,036,403 | \$6,465,637 |
| Agency Facilities | \$0 | \$0 | \$0 |
| Other | \$501,620 | \$0 | (\$501,620) |
| Total One-time: | \$10,156,343 | \$12,660,030 | \$2,503,687 |
| Continuing: | | | |
| Staff | \$2,479,716 | \$633,600 | (\$1,846,116) |
| Hardware/Software | \$13,615,739 | \$0 | (\$13,615,739) |
| Data Center Services | \$125,000 | \$0 | (\$125,000) |
| Contract Services | \$360,000 | \$1,529,613 | \$1,169,613 |
| Agency Facilities | \$0 | \$0 | \$0 |
| Other | \$0 | \$0 | \$0 |
| Total Continuing: | \$16,580,455 | \$2,163,213 | (\$14,417,242) |
| Total Project: | \$26,736,798 | \$14,823,243 | (\$11,913,555) |

Conversely, the existing cost reflects an increase due to the revision of the baseline. The cost for operating the existing system increased from \$1.3 million to \$18.1 million, a difference of \$16.8 million. The movement of the Data Center Services line item from the Alternative System Cost Worksheet to the Existing System Cost Worksheet was the major difference in the changes to EAWs.

CMS Net E47 Existing System Cost Worksheet Comparison

| Description | Last approved SPR | Current SPR | Difference |
|-------------------------------------|--------------------------|---------------------|---------------------|
| Continuing: | | | |
| Staff | \$269,508 | \$2,826,261 | \$2,556,753 |
| Hardware/Software | \$811,913 | \$0 | (\$811,913) |
| Data Center Services | \$18,575 | \$12,858,787 | \$12,840,212 |
| Contract Services | \$210,000 | \$2,456,540 | \$2,246,540 |
| Agency Facilities | \$0 | \$0 | \$0 |
| Other | \$0 | \$0 | \$0 |
| Total IT Costs: | \$1,309,995 | \$18,141,588 | \$16,831,593 |
| Program Costs: | | | |
| Staff | \$450,000 | \$2,295,869 | \$1,845,869 |
| Other | \$0 | \$33,826,774 | \$33,826,774 |
| Total Program Costs: | \$450,000 | \$36,122,643 | \$35,672,643 |
| Total Existing System Costs: | \$1,759,995 | \$54,264,231 | \$52,504,236 |

3.6 IMPLEMENTATION PLAN

The CMS Net E47 Project Workplan (Attachment A) illustrates the work required for each phase. Implementation of each sub-phase will be staggered to allow for any issues related to file conversions, testing, training, down time due to implementation and post implementation activities including change control cycles. Deliverables requiring interfaces between systems will be scheduled and coordinated as necessary.

3.6.1 Training

All county and State staff training is provided by the CMS Branch. Training is conducted at the CMS Branch Training Center in Sacramento. Training on system enhancements is provided as follows:

- System changes are presented to users at CMS Net User Group meetings (held quarterly). The User Group meetings are regularly attended by approximately 140 State and county staff.
- User manual updates and explanations of the system changes are distributed at the User Group meetings, mailed to CCS county offices, and/or placed on a “broadcast message” on CMS Net where users can see them when they logon to the application. In addition, *This Computes!* is a monthly bulletin published and distributed via email and fax by CMS Branch to CCS county offices. The bulletin provides information on system changes including instructions, answers to frequently asked questions, and system availability.
- Hands-on training is offered for more complex system changes. CMS Net currently has about 1,000 users statewide. Each county and regional office sends representatives to State training sessions.

Provider training will be conducted by EDS at regional sites around the State. The curriculum will cover changes to claims submission and preparation procedures as a result of CMS Net E47 implementation.

3.6.2 Testing

CMS Net enhancements are tested through a rigorous testing process. Each component of an enhancement is first unit tested by the developer and then moved to a testing environment where the enhancement is tested for system integration functionality. After all components have been individually tested, the components are tested again together in a structured round of regression testing. Once regression testing is complete, the components are then moved to a user acceptance testing area where users of CMS Net exercise the enhancements for systemwide functionality. When the enhancement has met all functional requirements, the enhancement is ready for implementation.

Testing requirements, cases and scripts for components of the system are stored in a testing database for repetitive use during the testing process. All test results are logged and entered into the database. Incidents for failed tests are tracked until the incident is resolved and retesting has taken place.

3.6.3 System Migration and Implementation

Upon completion of the testing phase, the developer coordinates system migration of enhancements to the training system environment. Following training, the enhancements are migrated to the production system environment.

3.6.4 Change Control Cycles

Change control cycles are established to systematically implement enhancements and other changes to the system. Change cycles occur on the second Saturday of each month. Post implementation change cycles may occur more frequently if a major problem has been identified. It is the responsibility of the CMS Branch to determine if the change control cycle should occur on a more frequent basis than once a month.

SECTION 4

UPDATED PROJECT MANAGEMENT PLAN

4.1 PROJECT MANAGER QUALIFICATIONS

Name and Title:

Terry Daffin, PMP
Visionary Integration Professionals, Inc.
160 Blue Ravine Rd., Suite D
Folsom, CA 95630

Experience:

Eighteen years of information technology experience ranging from programming to project management. Thirteen years at the project management level managing projects of increasing complexity and cost.

Education:

Tulane University, New Orleans, LA
BS, Mathematics

Project Management Institute, Sacramento, CA
Project Management Professional

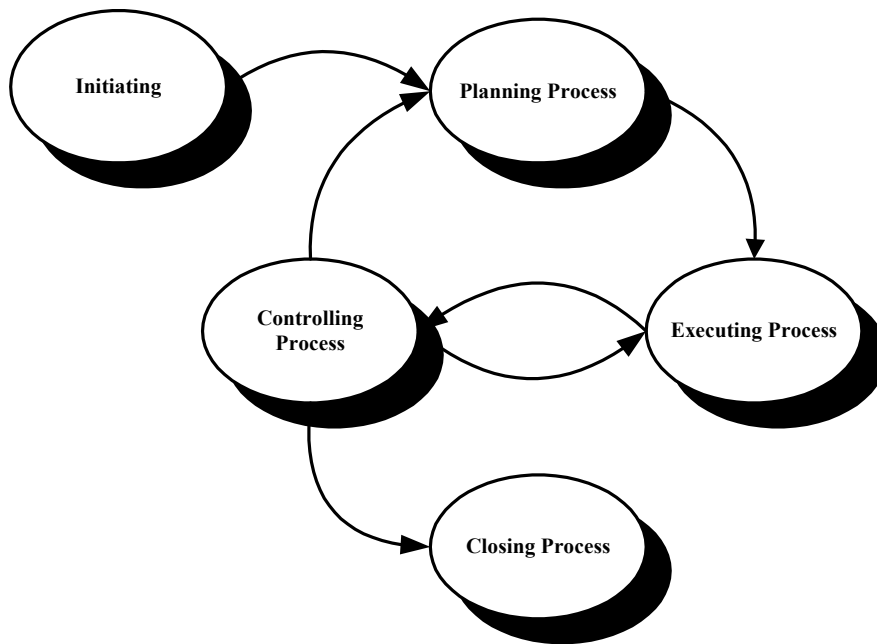
4.2 PROJECT MANAGEMENT METHODOLOGY

4.2.1 Project Management

The DHS PMO will use the Project Management Institute's Project Management methodology. This methodology is composed of five major processes of project management called process groups.

- Initiating processes – recognizing that a project or phase should begin and committing to do so.
- Planning processes – devising and maintaining a workable scheme to accomplish the business need that the project was undertaken to address.
- Executing processes – coordinating people and other resources to carry out the plan.
- Controlling processes – ensuring that project objectives are met by monitoring and measuring progress and taking corrective action when necessary.
- Closing processes – formalizing acceptance of the project or phase and bringing it to an orderly conclusion.

Project Management Process Groups



The process groups are linked by the deliverables they produce and the links are iterated. In addition the process groups are not discrete, one-time events; they are overlapping activities which occur at varying levels of intensity throughout each phase of the project. Process groups also cross the phases of the Project Life Cycle such that closing one project phase provides an input to initiating the next.

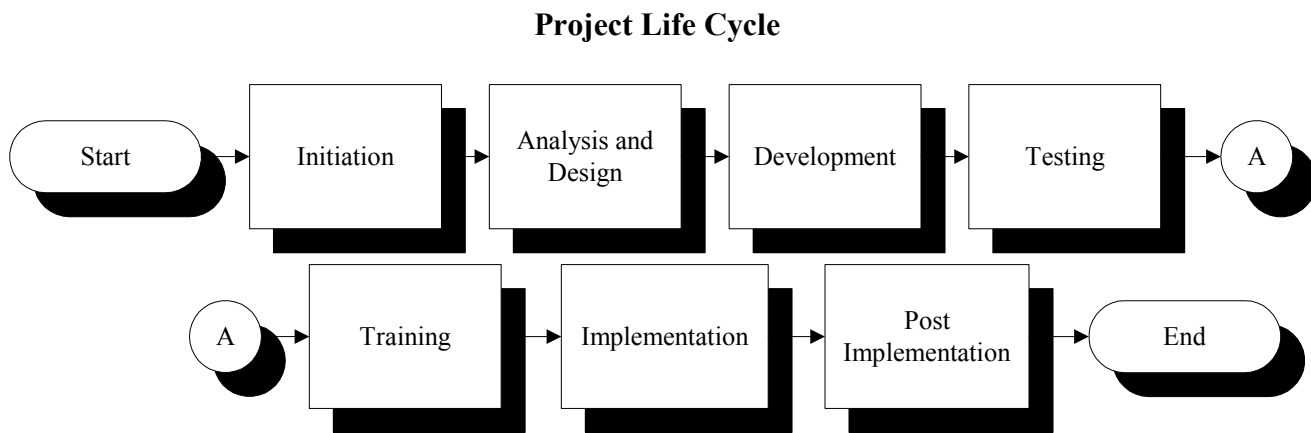
Processes and Deliverables

| Process Group | Deliverables |
|---------------|---|
| Initiation | <ul style="list-style-type: none">▪ Project Charter |
| Planning | <ul style="list-style-type: none">▪ Scope Statement▪ Work Breakdown Structure▪ Resource and Staffing Plans▪ Schedule and Budget Plan▪ Project Plan▪ Quality Plan▪ Communication Plan▪ Risk Plan▪ Procurement Plan |
| Execution | <ul style="list-style-type: none">▪ Scope Verification▪ Information Distribution▪ Quality Assurance▪ Contract Administration |
| Controlling | <ul style="list-style-type: none">▪ Performance Reporting▪ Overall Change Control▪ Scope Change Control▪ Schedule Control▪ Cost Control▪ Quality Control▪ Risk Response Control |
| Closing | <ul style="list-style-type: none">▪ Contract Close-out▪ Administrative Closure |

4.2.2 Project Life Cycle

CMS Net E47 is using an industry standard System Development Life Cycle (SDLC) methodology. The major phases of the SDLC are:

- Initiation
- Analysis and Design
- Development
- Testing
- Training
- Implementation
- Post Implementation



Each project phase is marked by the completion of one or more tangible, verifiable work products called a deliverable. The conclusion of a project phase is marked by a review of the key deliverables in order to detect and correct errors. Deliverables for CMS Net E47 are an adaptation of Institute of Electrical and Electronics Engineers (IEEE) standard for SDLC phases.

Phases and Deliverables

| Phases | Deliverables |
|---------------------|--|
| Initiation | |
| Analysis and Design | <ul style="list-style-type: none">▪ Business Functional Requirements Document▪ Functional Specification Design Document▪ Technical Specification Design Document |
| Development | <ul style="list-style-type: none">▪ Code Modules▪ Unit Test Results |

| Phases | Deliverables |
|---------------------|--|
| Testing | <ul style="list-style-type: none"> ▪ Test Plans ▪ Test Cases, Scripts, Steps ▪ Test results documents |
| Training | <ul style="list-style-type: none"> ▪ Update User Manuals ▪ Update System Manuals ▪ Update Training Curriculum |
| Implementation | <ul style="list-style-type: none"> ▪ Implementation Plan ▪ Implementation Checklists ▪ Implementation Results Documents |
| Post Implementation | <ul style="list-style-type: none"> ▪ Post Implementation Review documents ▪ Lessons Learned |

4.3 PROJECT ORGANIZATION

4.3.1 Project Teams

The project team includes multiple organizations and each organization has a designated project manager and staff. The organizations currently participating are:

Department of Health Services

Primary Care and Family Health Division

- Children's Medical Services Branch

Information Technology Services Division

- Application Support Branch
- Planning and Project Management Branch

Payment Systems Division

- Office of Medi-Cal Dental Services
- Performance and Change Management Branch
- Third Party Liability Branch

Health and Human Services Agency Data Center

State of California Fiscal Intermediaries

- Electronic Data Systems
- Delta Dental Plan of California, Inc.

The DHS PMO manages the overall project and is responsible for status reporting to control agencies. The PMO has the responsibility for the Project Management

Processes and project deliverables. Project teams are responsible for input, review and approval of the deliverables where applicable.

The project team in each organization has a designated lead and is responsible for managing project tasks within their respective organization. The leads from the project teams make up the Project Management Team (PMT). The PMT meets on a regular basis to monitor the project workplan, risk management plan, change management plan, and other project management activities as required. Issues are also raised and tracked to resolution at the PMT meetings.

In addition to the project teams and the PMT, CMS Net E47 also has a Steering Committee that consists of deputy directors/division chiefs from three DHS divisions participating in the project. The Steering Committee provides needed high-level decisions, reviews commitment of resources and associated budgeting and priority issues, and addresses any key issues impacting the project. The Steering Committee also acts as the Change Control Board and is responsible for approving all scope, schedule, budget and resource changes.

4.3.2 Project Organization Chart

See Attachment G for CMS Net E47 Project Organization Chart.

4.3.3 Responsibility Assignments

DHS has entered into a contract with IBM Global Services to help define how to organize, structure and deploy it's Project Management Office (PMO). This includes defining responsibility assignments as they relate to project management and it's deliverables. CMS will comply with DHS's decision.

4.3.4 Contact List

See Attachment H for CMS Net E47 Project Contact List.

4.4 PROJECT PRIORITIES

The highest priorities for this project are budget and schedule. Both of these are constrained and linked.

Project development and implementation priorities are based on the following criteria:

- Ability to provide immediate tangible benefits (e.g., maximize Title XXI federal funding).
- Ability to provide immediate intangible benefits (e.g., converting from manual to automated case management).
- Development requiring coordination across organizations (e.g., client eligibility requires simultaneous system changes for CMS Net, MEDS, SCI, and the FIs).

4.5 PROJECT PLAN

The CMS NetE47 Project Plan is included as Attachment A.

4.5.1 Project Scope/Objectives

- Allowing providers to submit electronic claims directly to the State's FIs for CCS and GHPP claims processing.
- Implementation of AB2793 which requires counties to have providers submit CCS and GHPP claims to the State's FIs for processing.
- Implementation of a statewide master eligibility system of all CCS and GHPP clients.
- Provide capability for providers to submit claims electronically.
- Establishment of a fully integrated Provider Master File for CCS and GHPP provider enrollment, service authorizations and claims processing.
- Establishment of a statewide file of authorized services for CCS and GHPP clients.
- Establishment of a statewide database of CCS and GHPP client demographic, services, and expenditure data in order to meet federal, State and local program information requirements.

4.5.2 Project Assumptions

The following summarized assumptions were used in developing the current project workplan:

- Required resources will be available and stable.
- No new legislative mandates will occur that will impact the project schedule, scope, or cost.
- The PMT will track, identify and mitigate project risks using the methodology identified in the Risk Management Plan.
- All currently participating organizations will continue to participate throughout the life of the project.
- CMS Net platform and architecture including hardware and operating system software will remain the same.

4.5.3 Project Phasing

Below are the remaining phases associated with the CMS Net E47 Project.

| Remaining Phases | Phase Deliverables |
|---|--|
| CCS Client Eligibility Phase II – Insurance | Insurance information for claims recovery. |
| Provider Enrollment Phase | Fully integrated Provider Master File for CCS and GHPP provider enrollment, service authorizations and claims processing. |
| CCS Authorizations/Claims Phase | Automated service authorizations and claims processing. |
| CCS Full Screen Conversion Phase | Enhanced application from text based “roll and scroll” functionality to full screen and windows based user interface. |
| CMS Net Reporting Phase | Automated client demographic, claim experience, and data management reporting information. |
| GHPP Conversion | Automated system for GHPP case management, client eligibility determination, service authorizations and claims processing. |

4.5.4 Roles and Responsibilities

Below are the roles and responsibilities defined for the CMS Net E47 project.

| Title | Role/Responsibility |
|--|--|
| Project Sponsor | Obtain funding, approvals, support; provides project policy direction. |
| Project Manager | Manage project scope, schedule, budget, deliverables, reporting; chairs PMT. |
| Technical Project Manager | Responsible for the execution of the plan including technical design, development and implementation; PMT member. |
| Technical Project Manager (Contractor) | Responsible for execution of the plan and supervises work of contractor staff, obtains staffing and other resources; reports project status; PMT member. |
| Steering Committee Chair | Chair Steering Committee; lead in resolving project and PC&FH issues of change that affect scope, cost or resources. |

| Title | Role/Responsibility |
|--|---|
| Steering Committee Member | Resolves organization's issues of change that affect scope, cost or resources. |
| CMS Branch Program Operations Manager | Represents user community in State regional offices and counties. |
| Project Management Oversight (Contractor) | Provides project management support and oversight; reports to Steering Committee and DOIT on project issues and status. |
| Counties and State Regional Offices | Pilot/test deliverables, contribute to design, review and advise as needed. |
| Providers | Review and advise as needed, participate in training. |

4.5.5 Project Management Schedule

Below are the project groups and the frequency of meetings conducted.

| Group | Frequency |
|--|---|
| Project Management Team | Weekly meetings or as needed. |
| Steering Committee | Monthly meetings or as needed. |
| Project Oversight Contractor | Weekly meetings with Project Manager and CMS Branch management. Meets with other organization's management as needed. |
| Health and Human Services Agency Data Center Technical Round Table | Monthly meetings. |

4.6 PROJECT MONITORING

The PMT uses project metrics to monitor time and cost on a monthly basis. Each organization submits monthly status reports to the Project Manager detailing cost, schedule, activity progress and issues. The Project Manager is responsible for tracking overall project time and cost compared to the project workplan. Early identification of possible project cost overruns is critical to ensuring that resources are directed to the appropriate tasks in the appropriate levels. The ability to track the project schedule on a timely basis helps to ensure that dependent tasks are completed on schedule so that organizations that depend on the timely completion of another organization's deliverables can schedule resources and subsequent work appropriately.

The PMT is responsible for tracking all outstanding issues and reports monthly to the Steering Committee. Issue resolution is assigned to the appropriate manager/organization who must report progress (or barriers) at subsequent PMT meetings.

The Technical Round Table group meets on a monthly basis for the specific purpose of resolving technical issues. Technical issues are reported separately from other

project issues to ensure that technical staff and managers can more effectively track and monitor these issues. Members include HHSDC, ITSD technical staff and managers, contractors, and CMS Branch technical staff and managers.

The Independent Project Oversight contractor will also work closely with the Project Manager and the PMT to assure all planned processes and activities occur and to satisfy monitoring and reporting standards.

4.7 PROJECT QUALITY

Each organization participating in the project is responsible for ensuring the quality of the deliverables it produces. Test plans are developed with or following design/specifications documents. Unit, System and Acceptance testing is conducted for system changes/enhancements. Integration testing is conducted for all system interfaces. Approvals of deliverables have been specified for type or level of deliverable (e.g., design documents are approved at the division or branch level; specifications are approved at the organization level, with review by the Project Manager). Project documentation is finally approved by the PMT, submitted to the Project Manager, and placed in a central repository in the CMS Branch.

The Independent Project Oversight contractor will also provide assurance that all planned and systematic activities implemented occur and will satisfy established quality standards.

4.8 CHANGE MANAGEMENT

The Change Management methodology used by the CMS Net E47 project applies to all project phases. For the purpose of this project, *change* is defined as “any activity that alters the scope, deliverable, basic architecture, cost or schedule of this project.”

The impact of any change becomes more significant the further the project is in the project development life cycle. Effective management and tracking of changes are mandatory to the success of the project. It is imperative that any changes to the original project boundaries or requirements are identified and reported to prevent “scope creep.” Project visibility through this formal procedure provides the Steering Committee and stakeholder management with the ability to monitor the impact of approved Change Requests on the overall project.

Timely processing of changes helps reduce risks and prevent delays in the project development and implementation schedule. In turn, this helps prevent misunderstandings and enables management of customer expectations. Additional advantages to using such a formal process include:

- Provides a centralized repository for cataloging, monitoring, and reporting.
- Provides a project audit trail.
- Ensures that no changes are forgotten and helps reduce duplication of efforts.
- Maintains current status of Change Requests in the review and approval process.

The Change Management methodology includes the following steps for change resolution:

- Complete Change Request Form.
- Complete notification process.
- Log Change Request into database.
- Assign for analysis.
- Research and identify options.
- Assess risks; decide on action and rank priority.
- Obtain appropriate approvals.
- Log action and communicate decision.
- Review and update plans and budgets as applicable.
- Report status and update database.

4.9 AUTHORIZATION REQUIRED

This SPR must be acceptable to all the participants and approved by DOIT and TIRU. This SPR is reviewed by a number of organizations within DHS and approved by deputy directors/division chiefs representing CMS, PSD, and ITSD.

The information in this SPR will be used in follow-up communications with counties, providers and other stakeholders regarding workload, timeframes and functions to be accomplished regarding this project and the resultant operations.

SECTION 5

UPDATED RISK MANAGEMENT PLAN

5.0 UPDATED RISK MANAGEMENT PLAN

There have been no changes to the methodology risk management or the risk management plan since the last SPR was submitted. Risk is monitored and managed by the PMT and reported to the Steering Committee on a monthly basis. Below is a brief description of the risk management methodology currently in place for CMS Net E47.

5.1 RISK MANAGEMENT APPROACH

Project Risk Management includes processes and activities that identify, analyze, and respond to risk; maximize the results of positive events; and minimize the consequences of adverse events. The four basic processes are:

- **Risk Identification** – determine the risks that are likely to affect a project and document their characteristics – *also called risk analysis or risk assessment.*
- **Risk Quantification** – evaluate risks and risk interactions to assess the range of possible impacts and project outcome – *also called risk analysis or risk assessment.*
- **Risk Response Development** – define steps for opportunities and responses to threats – *also called risk planning or risk mitigation.*
- **Risk Response Control** – respond to changes in risks over the life of the project – *also called risk management or risk monitoring.*

The PMT approached the task of developing a Risk Management Plan as a team since there are several stakeholder organizations represented on the project.

In order to produce the Risk Management Plan, the team identified the following tasks that required completion:

- Validation of project scope (completed by clarification of project requirements and approval of the Memorandum of Understanding).
- Identification of roles and responsibilities of the PMT.
- Identification and quantification risks.
- Assessment and analysis of project risks.
- Development of contingencies for each risk.
- Documentation of the Risk Management Plan; finalization of the Risk Management Plan.
- Development and population of a repository of identified risks.
- Determination of reporting needs.
- Review and acceptance of the Risk Management Plan by management.
- Implementation of the Risk Management Plan.
- Monitoring and reporting of risk status. Communication of the risks and risk status weekly to the PMT, and monthly to the Project Steering Committee.
- Maintenance of the risk repository. (When an outstanding risk is resolved or the event horizon has passed, the risk is labeled “inactive” and considered closed.)
- Updating of the Risk Management Plan as needed. Communication of the changes.

5.2 COMPLETED DOIT RISK ASSESSMENT MODEL (RAM) REPORT

The DOIT RAM report is included as Attachment E.

5.3 RISK ASSESSMENT WORKSHEETS

Risk Assessment Worksheets are included as Attachment D.

SECTION 6

ECONOMIC ANALYSIS WORKSHEETS

6.1 ECONOMIC ANALYSIS WORKSHEET FROM ORIGINAL FSR

See Attachment I.

6.2 ECONOMIC ANALYSIS WORKSHEET FROM THE MOST RECENT SPR

See Attachment J.

6.3 ECONOMIC ANALYSIS WORKSHEET FOR THE PROPOSED CHANGE

See Attachment K.

6.4 ECONOMIC ANALYSIS SUMMARY WORKSHEET

See Attachment L.

6.5 PROJECT FUNDING PLAN

See Attachment M.

ATTACHMENT A
CMS NET E47 PROJECT WORKPLANS

ATTACHMENT B

RESOURCE REQUIREMENTS AND COSTS

CMS NET E47
Resource Requirements and Costs for
Developer Procurement

Below is a Resource Requirement Matrix (RRM) for activities and deliverables for procurement of a developer for CMS Net E47. Refer to the CMS Net E47 Developer Procurement workplan for activity dates.

Assumptions

- Effort is in person months (pm)
- Duration is calendar months ($\text{Effort} / (\text{State FTE} + \text{Contract FTE}) = \text{Duration}$)
- State Cost calculated at \$80/hr. ($(\text{Duration} * 160\text{hrs/pm}) (\text{State FTE} * \$80/\text{hr}) = \text{State Cost}$)
- Contract Cost calculated at \$125/hr. ($(\text{Duration} * 160\text{hrs/pm}) (\text{Contract FTE} * \$125/\text{hr}) = \text{Contract Cost}$)
- Total Cost is State Cost plus Contract Cost

| WBS | Deliverable/Activity | State FTE | Contract FTE | Effort | Duration | State Cost | Contract Cost | Total Cost |
|-----|------------------------------|-----------|--------------|--------|----------|--------------|---------------|--------------|
| 0 | Developer Procurement | | | | | \$206,976.00 | \$162,600.00 | \$369,576.00 |
| 1.1 | Develop CMAS for SOW and RFP | 1 | | 0.5 | 0.5 | \$6,400.00 | | \$6,400.00 |
| 1.3 | Issue CMAS | 1 | | 0.1 | 0.05 | \$640.00 | | \$640.00 |
| 1.4 | Receive and Review Proposals | 3 | | 0.6 | 0.15 | \$5,760.00 | | \$5,760.00 |
| 1.5 | Award CMAS | 1 | | 0 | 0.01 | \$128.00 | | \$128.00 |
| 2.1 | Develop Procurement Document | 1.5 | 1.5 | 3 | 1 | \$19,200.00 | \$30,000.00 | \$49,200.00 |
| 2.2 | SOW – Packaged Requirements | 1.5 | 1.5 | 4.5 | 2 | \$38,400.00 | \$60,000.00 | \$98,400.00 |
| 2.3 | Bidder Qualification | 1 | 1 | 0.9 | 0.85 | \$10,880.00 | \$17,000.00 | \$27,880.00 |
| 2.4 | Bidder Evaluation and | 3 | 1 | 1.6 | 0.4 | \$15,360.00 | \$8,000.00 | \$23,360.00 |

| WBS | Deliverable/Activity | State FTE | Contract FTE | Effort | Duration | State Cost | Contract Cost | Total Cost |
|------------|---|------------------|---------------------|---------------|-----------------|--------------------|----------------------|--------------------|
| | Selection | | | | | | | |
| 2.5 | SOW Approvals | 4 | | 0.1 | 0.03 | \$1,536.00 | | \$1,536.00 |
| 2.6 | Approval Period | 4 | 1 | 0.6 | 0.15 | \$7,680.00 | \$3,000.00 | \$10,680.00 |
| 2.7 | Issue RFP | 1 | | 0 | 0.03 | \$384.00 | | \$384.00 |
| 3.1 | Confidential discussions w/qualified bidders | 4 | 1 | 2 | 0.5 | \$25,600.00 | \$10,000.00 | \$35,600.00 |
| 3.2 | Issue Amendments to RFP | 1 | 1 | 0 | 0.03 | \$384.00 | \$600.00 | \$984.00 |
| 4.2 | Review and Discuss Drafts w/Vendors | 4 | 1 | 2 | 0.5 | \$25,600.00 | \$10,000.00 | \$35,600.00 |
| 4.3 | Receive and review final proposals w/costs | 3 | 1 | 4 | 1 | \$38,400.00 | \$20,000.00 | \$58,400.00 |
| 4.4 | Open Costs and Evaluate | 4 | 1 | 0.5 | 0.2 | \$10,240.00 | \$4,000.00 | \$14,240.00 |
| 4.5 | Award and Sign Contract | 1 | | 0 | 0.03 | \$384.00 | | \$384.00 |

CMS NET E47
Resource Requirements and Costs for
Client Eligibility Phase II – Insurance, Service Authorizations
And Provider Enrollment

Assumptions made based on COCOMO II (Constructive Cost Model) parametric model developed to estimate effort and schedule for software development project.

Assumptions

- Effort is in person months (pm)
- Duration is calendar months ($\text{Effort}/(\text{Contract FTE}) = \text{Duration}$)
- State Cost calculated at \$55/hr. ($(\text{Duration} * 160\text{hrs/pm}) (\text{State FTE} * \$55/\text{hr}) = \text{State Cost}$)
- Contract Cost is cost from COCOMO II parametric model (software development only)
- Total Cost is State Cost plus Contract Cost

| WBS | Activity/Deliverable | State FTE | Contract FTE | Effort | Duration | State Cost | Contract Cost | Total Cost |
|-----|----------------------------------|-----------|--------------|--------|----------|--------------|----------------|----------------|
| 0 | CMS Net E47 Master Plan | | | | | \$337,568.00 | \$1,232,956.00 | \$1,570,524.00 |
| 1 | Eligibility Phase II - Insurance | | | | | \$110,836.00 | \$407,773.00 | \$518,609.00 |
| 1.1 | Analysis and Design | 2 | 2 | 4.7 | 3.1 | \$41,316.00 | \$75,762.00 | \$117,078.00 |
| 1.2 | Development and Unit Testing | | 3 | 12.3 | 4.9 | | \$196,276.00 | \$196,276.00 |
| 1.3 | Testing | 1 | 2 | 4.1 | 2.1 | \$18,040.00 | \$65,735.00 | \$83,775.00 |
| 1.4 | Training | 3 | | 1.5 | 0.8 | \$19,800.00 | | \$19,800.00 |
| 1.5 | Implementation | 2 | 2 | 1.8 | 0.9 | \$15,840.00 | \$35,000.00 | \$50,840.00 |
| 1.6 | Post implementation | 2 | 2 | 1.8 | 0.9 | \$15,840.00 | \$35,000.00 | \$50,840.00 |

| WBS | Activity/Deliverable | State FTE | Contract FTE | Effort | Duration | State Cost | Contract Cost | Total Cost |
|------------|-------------------------------------|------------------|---------------------|---------------|-----------------|---------------------|----------------------|---------------------|
| 2 | Service Authorizations | | | | | \$111,364.00 | \$353,579.00 | \$464,943.00 |
| 2.1 | Analysis and Design | 2 | 2 | 3.1 | 1.6 | \$20,460.00 | \$50,485.00 | \$70,945.00 |
| 2.2 | Development and Unit Testing | | 2 | 8.3 | 4.6 | | \$132,624.00 | \$132,624.00 |
| 2.3 | Testing | 1 | 2 | 2.6 | 1.7 | \$15,224.00 | \$41,970.00 | \$57,194.00 |
| 2.4 | SA Pilot | 2 | 2 | 2.1 | 1.1 | \$18,480.00 | \$41,000.00 | \$59,480.00 |
| 2.5 | Training | 3 | | 1.4 | 0.7 | \$18,480.00 | | \$18,480.00 |
| 2.6 | Implementation | 2 | 2 | 2 | 1 | \$17,600.00 | \$40,000.00 | \$57,600.00 |
| 2.7 | Post Implementation | 2 | 2 | 2.4 | 1.2 | \$21,120.00 | \$47,500.00 | \$68,620.00 |
| 3 | Provider Enrollment | | | | | \$115,368.00 | \$471,604.00 | \$586,972.00 |
| 3.1 | Analysis and Design | 2 | 3 | 5.2 | 2.1 | \$27,456.00 | \$85,033.00 | \$112,489.00 |
| 3.2 | Development and Unit Testing | | 3 | 13.7 | 5.5 | | \$219,186.00 | \$219,186.00 |
| 3.3 | Testing | 1 | 2 | 4.7 | 2.2 | \$19,712.00 | \$74,885.00 | \$94,597.00 |
| 3.4 | Training | 3 | | 2.1 | 1.1 | \$27,720.00 | | \$27,720.00 |
| 3.5 | Implementation | 2 | 2 | 2 | 1 | \$17,600.00 | \$40,000.00 | \$57,600.00 |
| 3.6 | Post Implementation | 2 | 2 | 2.6 | 1.3 | \$22,880.00 | \$52,500.00 | \$75,380.00 |

ATTACHMENT C
CMS NET E47 COST SCHEDULE

CMS NET E47 COST SCHEDULE

| | FY 97/98 | FY 98/99 | FY 99/00 | FY 00/01 | FY 01/02* | FY 02/03* | FY 03/04* | FY 04/05* | Totals |
|---------------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| CMS Branch | \$ 272,509 | \$ 966,312 | \$ 2,207,756 | \$ 2,679,556 | \$ 662,656 | \$ 1,764,450 | \$ 833,940 | \$ - | \$ 9,387,179 |
| State Staff | \$ 101,215 | \$ 258,073 | \$ 428,685 | \$ 285,164 | \$ 109,056 | \$ 178,464 | \$ 262,970 | \$ - | \$ 1,623,627 |
| Contract Services for CMS | \$ 171,294 | \$ 708,239 | \$ 1,779,071 | \$ 2,394,392 | \$ 553,600 | \$ 1,585,986 | \$ 570,970 | \$ - | \$ 7,763,552 |
| Project Oversight/QA | | \$ 151,848 | \$ 334,568 | \$ 66,470 | \$ 75,000 | \$ 300,000 | \$ 150,000 | \$ - | \$ 1,077,886 |
| Project Manager | | | \$ 180,833 | \$ 310,000 | \$ 316,000 | \$ 316,000 | \$ 158,000 | \$ - | \$ 1,280,833 |
| Contract Staff | \$ 106,007 | \$ 444,730 | \$ 1,048,233 | \$ 1,778,865 | \$ 162,600 | \$ - | \$ - | | \$ 3,540,435 |
| Contract Developer | \$ 65,287 | \$ 111,661 | \$ 215,437 | \$ 239,058 | \$ - | \$ 969,986 | \$ 262,970 | \$ - | \$ 1,864,399 |
| Client Eligibility | \$ 65,287 | \$ 111,661 | \$ 215,437 | \$ 239,058 | | \$ 407,773 | \$ - | | \$ 1,039,216 |
| Service Authorizations | | | | | | \$ 183,109 | \$ 170,470 | \$ - | \$ 353,579 |
| Provider Enrollment | | | | | | \$ 379,104 | \$ 92,500 | \$ - | \$ 471,604 |
| | | | | | | | | | |
| EDS | \$ 4,255 | \$ 298,713 | \$ 334,535 | \$ 426,651 | \$ 434,438 | \$ 295,000 | \$ 150,000 | | \$ 1,943,592 |
| Client Eligibility | | \$ 12,594 | \$ 144,385 | \$ 56,000 | \$ 5,625 | | | | \$ 218,604 |
| Service Authorizations | | \$ 48,564 | \$ 80,875 | \$ 338,651 | \$ 354,438 | \$ 250,000 | \$ 150,000 | | \$ 1,222,528 |
| Provider Enrollment | \$ 4,255 | \$ 237,555 | \$ 109,275 | \$ 32,000 | \$ 74,375 | \$ 45,000 | | | \$ 502,460 |
| | | | | | | | | | \$ - |
| Delta Dental | | | \$ 107,043 | \$ 252,466 | \$ 609,750 | \$ 267,300 | \$ 92,700 | | \$ 1,329,259 |
| Client Eligibility | | | \$ 78,536 | \$ 164,721 | \$ 2,250 | | | | \$ 245,507 |
| Service Authorizations | | | | \$ 69,107 | \$ 427,500 | \$ 202,500 | \$ 92,700 | | \$ 791,807 |
| Provider Enrollment | | | \$ 28,507 | \$ 18,638 | \$ 180,000 | \$ 64,800 | | | \$ 291,945 |
| | | | | | | | | | |
| Contract Services Totals | \$ 175,549 | \$ 1,006,952 | \$ 2,220,649 | \$ 3,073,509 | \$ 1,597,788 | \$ 2,148,286 | \$ 813,670 | \$ - | \$ 11,036,403 |
| Total One-time Costs | \$ 276,764 | \$ 1,265,025 | \$ 2,649,334 | \$ 3,358,673 | \$ 1,706,844 | \$ 2,326,750 | \$ 1,076,640 | \$ - | \$ 12,660,030 |
| | | | | | | | | | |
| Cumulative Totals | \$ 276,764 | \$ 1,541,789 | \$ 4,191,123 | \$ 7,549,797 | \$ 9,256,641 | \$11,583,391 | \$12,660,030 | \$12,660,030 | |

* Estimated Costs

CMS NET E47 COST SCHEDULE BY PHASE

| | FY 97/98 | FY 98/99 | FY 99/00 | FY 00/01 | FY 01/02* | FY 02/03* | FY 03/04* | FY 04/05* | Totals |
|-------------------------------|------------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------|---------------------|
| | | | | | | | | | |
| One Time Development | | | | | | | | | |
| Client Eligibility | \$ 65,287 | \$ 124,255 | \$ 438,358 | \$ 459,779 | \$ 7,875 | \$ 407,773 | \$ - | \$ - | \$ 1,503,327 |
| Service Authorizations | \$ - | \$ 48,564 | \$ 80,875 | \$ 407,758 | \$ 781,938 | \$ 635,609 | \$ 413,170 | \$ - | \$ 2,367,914 |
| Provider Enrollment | \$ 4,255 | \$ 237,555 | \$ 137,782 | \$ 50,638 | \$ 254,375 | \$ 488,904 | \$ 92,500 | \$ - | \$ 1,266,009 |
| | | | | | | | | | |
| Totals | \$ 69,542 | \$ 410,374 | \$ 657,015 | \$ 918,175 | \$ 1,044,188 | \$ 1,532,286 | \$ 505,670 | \$ - | \$ 5,137,250 |

* Estimated Costs

ATTACHMENT D
RISK ASSESSMENT WORKSHEETS

Risk Assessment Worksheet

RISK SUMMARY TABLE

| RISK # | PROBABILITY | IMPACT | STATUS |
|--------|-------------|--------|----------|
| | | | |
| A1 | H | M | Inactive |
| A2 | H | M | Inactive |
| A3 | L | H | Inactive |
| A4 | H | H | Inactive |
| A5 | M | M | Inactive |
| A6 | L | L | |
| A7 | M | M | |
| A8 | H | H | Inactive |
| | | | |
| B1 | L | H | Inactive |
| B2 | M | M | |
| B3 | H | H | Inactive |
| B4 | H | H | |
| | | | |
| C1 | H | H | Inactive |
| C2 | H | H | Inactive |
| C3 | M | M | Inactive |
| | | | |
| D1 | H | L | |
| D2 | L | M | Inactive |
| D3 | M | H | Inactive |
| D4 | M | H | Inactive |
| D5 | H | M | |
| D6 | L | H | Inactive |
| | | | |
| E1 | H | H | |
| E2 | H | H | |
| E3 | L | H | Inactive |
| E4 | H | H | Inactive |
| E5 | H | H | |
| | | | |
| F1 | M | H | |
| F2 | M | H | |
| F3 | M | H | Inactive |
| | | | |
| G1 | M | H | Inactive |
| G2 | H | H | |
| | | | |
| H1 | H | H | Inactive |
| H2 | H | H | Inactive |
| | | | |
| I1 | L | H | Inactive |
| I2 | L | H | Inactive |

Risk Assessment Worksheet

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

CMS Net E47

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|--------------------------|----------|------------------------|---------|
| A6 | A | L | L | M | |
| Risk Owner: | | CMS and Customers | | | |
| Risk Description: | | | | | |
| AB 2793 and Healthy Families Legislation mandated that counties must process claims through the State FIs. After a year, if a county can demonstrate that this increases costs, the county can resume processing their own claims. | | | | | |
| Description of Impact: | | | | | |
| Customers could withdraw support if they can demonstrate that they don't realize savings as advertised. Counties could back out and then don't have a complete system. DHS doesn't realize \$20 million in savings that provides the business and financial justification for the E47 project. | | | | | |
| Assumptions: | | | | | |
| Counties must redirect staff levels to realize savings; CMS assumes that the counties will adhere to the State's staffing recommendations, and that EDS will continue to improve the system via the E47 Project that will resolve existing claim processing problems. Customers will work with State to identify alternatives. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | * |
| Not enough CCS-eligible children to enroll in the Healthy Families Program. Results of review of county expenditures reports after implementation: measure cost of program and rendering Services. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | ** |
| CMS: Assist customers in implementing CMS Net; help customers verify source or problems; identify alternatives. ITSD, HHSDC, Dental: N/A PSD/EDS: Review and resolve any claims processing problems; EDS maintain dual system to facilitate phase-in of providers. | | | | | |

* After implementation

** Upon receipt of report from counties and after review and preliminary assessment of expenditures.

Legends

| Risk Categories | Probabil ity | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

CMS Net E47

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|---|-----------|---------------------|---------|------------------------|---------|
| A7 | A | M | M | M | |
| Risk Owners: | | Customers, CMS, PSD | | | |
| Risk Description: | | | | | |
| County CCS and CCS Regional Office staff are not trained in new system functionality and procedures as a result of turnover. "Train the trainer" programs may not achieve the desired results. | | | | | |
| Description of Impact: | | | | | |
| CMS staff is redirected from E47 Project work to assist customers. Increase to PSD workload to assist Providers. Customer workflow may be slowed due to ineffective use of CMS Net System. Increase in CMS workload due to increased trouble calls after a data conversion or rollout of new functionality. | | | | | |
| Assumptions: | | | | | |
| Counties will send their staff to CMS and PSD sponsored training prior to system implementation. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Increased trouble calls from customers after a data conversion or rollout of new system functionality. Delay of deliverables. Cannot schedule training facility to conduct user training. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Include training task on workplan; locate appropriate (union) training facilities. ITSD: Assist CMS as needed. HHSDC, Dental: N/A PSD/EDS: Provide training as required; increase EDS staff resources as necessary. | | | | | |

Legends

| Risk Categories | Probabil ity | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|--------------|---------|-----------------|---------|
| B2 | B | H | M | A | |
| Risk Owner: | | CMS | | | |
| Risk Description: | | | | | |
| Process changes in Control Agency requirements – DOIT, DOF; federal; medical regulators, etc. | | | | | |
| Description of Impact: | | | | | |
| Possibly additional reporting requirements or increased frequency (monthly instead of quarterly). Increased workload on project resources to fulfill requirements; impact to E47 Project schedule. | | | | | |
| Assumptions: | | | | | |
| DOIT, DOF approval processes to remain stable for project duration | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Notification from control agencies regarding change. Reporting requirements. Consolidation of HHSDC data processing resources. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Continue with project oversight. Adjust project schedule to comply with additional reporting requirements. ITSD, PSD, EDS: Increase reporting frequency. HHSDC, Dental: N/A. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|---|-----------|--------------|---------|------------------------|---------|
| B4 | B | H | H | V | |
| Risk Owner: | | CMS, PSD | | | |
| Risk Description: | | | | | |
| Revised CMS Net System will require significant changes in business processes for both DHS and county users. Users may not re-engineer their workflow procedures to accommodate system changes. | | | | | |
| Description of Impact: | | | | | |
| Revised system will require migration from current processes that are substantially different in various locations to standardized processes. All system users will require re-training. | | | | | |
| Assumptions: | | | | | |
| The appropriate updates reflecting the CMS Net System enhancements will be made to provider manuals and other documentation and made available to all customers. Training needs will be evaluated and customized to revised system procedures. Users and customers will re-engineer their workflow processes to map to the revised system. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | unknown |
| Implementation of CMS Net/GHPP System enhancements. Increase in customer trouble calls. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Ensure that all system users receive appropriate training and documentation prior to production roll-out of system enhancements. Timely communication of production implementation to all system users via the monthly project newsletter. PSD: Evaluate training needs. Conduct provider training classes. Update and distribute appropriate user documentation. ITSD, EDS, HHSDC, Dental: Provide support to this activity as required. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|---|-----------|--------------|---------|-----------------|---------|
| D1 | D | H | L | A | |
| Risk Owner: | | ITSD, CMS | | | |
| Risk Description: | | | | | |
| Technology changes during project. (Impact of Internet for file transfer and transaction processing). Newer technology may be more cost effective. | | | | | |
| Description of Impact: | | | | | |
| Technology changes may require additional hardware/software purchases. | | | | | |
| Assumptions: | | | | | |
| Continue to use existing technology. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | ongoing |
| | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Evaluate impact of technology changes to determine project impacts and develop an action plan. ITSD, PSD, EDS HWDC, Dental: Work with CMS to evaluate technology changes to determine project impacts and develop an action plan. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|----------------|---------|-----------------|---------|
| D5 | D | H | M | M | |
| Risk Owners: | | ITSD, CMS, EDS | | | |
| Risk Description: | | | | | |
| Impact of changes implemented in other DHS systems for State Client Index and CMS Net interfaces during project. | | | | | |
| Description of Impact: | | | | | |
| Changes occur in systems that CMS Net currently integrates with. Changes need to be incorporated with existing system as well as new system. | | | | | |
| Assumptions: | | | | | |
| CMS will be notified of changes that affect the CMS Net system | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Changes to State Client Index, MEDS, etc. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Develop and implement a formal change management process. ITSD: Incorporate notification process for changes that may affect CMS Net HHSDC, Dental: N/A PSD/EDS: Invoke EDS SDN change management process. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|---|-----------|--------------|---------|------------------------|---------|
| E1 | E | H | H | M | |
| Risk Owner: | | CMS | | | |
| Risk Description: | | | | | |
| No management or contingency reserve in project budget for increased costs (hardware, software), rates (contractors, services – HHSDC and ITSD support), or required effort underestimated. | | | | | |
| Description of Impact: | | | | | |
| Increased reporting (SPRs) and the additional generation of BCPs to cover funding shortfall. Increased funding needs approval from DOIT, DOF and Legislature. If funding requests are not approved, the project may be delayed or terminated. | | | | | |
| Assumptions: | | | | | |
| | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Projected cost overruns. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Track budget variances from all stakeholder organizations and take appropriate action as needed. ITSD, HHSDC, Dental, PSD, EDS: Report budget variances or indicators. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|--------------------|---------|-----------------|---------|
| E2 | E | H | H | M | |
| Risk Owner: | | Steering Committee | | | |
| Risk Description: | | | | | |
| "Scope Creep" results in additional requirements for the project. | | | | | |
| Description of Impact: | | | | | |
| If scope were not controlled, original project requirements and objectives would be difficult to achieve. Funding is not allocated to allow additional expenditures as a result of scope creep. | | | | | |
| Assumptions: | | | | | |
| The PMT is committed to managing this risk within their own organizations to ensure that scope creep does not occur. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | 4/99 |
| Policy changes, new legislation and federal mandates are risk indicators. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Ensure that all detailed requirements are defined and documented. ITSD, PSD, EDS, Dental: Ensure that all detailed requirements are defined and documented. HHSDC: Provide technical support to project. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

CMS Net E47

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|---------------------------|----------|------------------------|---------|
| E5 | E | H | H | M | |
| Risk Owner: | | Steering Committee | | | |
| Risk Description: | | | | | |
| Project funding and approval of the December 2001 Special Project Report (SPR). | | | | | |
| Description of Impact: | | | | | |
| Currently CMS Net E47 is currently submitting an SPR to DOIT and TIRU to notify the agencies of the development of a new baseline for one-time and continuing cost for development as well as a new baseline for existing cost. If this SPR is not approved, the project will be delayed further. Possibly jeopardizing the continuance of the project and the realization of the stated \$22.3 million in improved efficiencies of claims and review processes. | | | | | |
| Assumptions: | | | | | |
| Scope has not changed from that of the original FSR. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Changes to the project have created delays. Changes in scope, cost or schedule of more than 10% require an SPR. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| CMS: Develop SPR to submit to DOIT and TIRU ITSD, PSD, EDS, Dental: Provide input and review the SPR HHSDC: Provide technical support to project. | | | | | |

Legends

| Risk Categories | Probabil ity | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|---------------------------|---------|------------------------|---------|
| F1 | F | M | H | M | |
| Risk Owner: | | Steering Committee | | | |
| Risk Description: | | | | | |
| Lack of internal timely and consistent communications within DHS related to issues that may impact project. | | | | | |
| Description of Impact: | | | | | |
| No 'central gatekeeper' to uniformly disseminate information. Number of stakeholders and project participants. Physical distance of stakeholders and participants and lack of connectivity. Differences in communication tools (e-mail, memos, voice-mail). | | | | | |
| Assumptions: | | | | | |
| The CMS Project Manager will coordinate the dissemination of information among all project participants and management. PMT will communicate project issues to all stakeholders. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | |
| <p>CMS: Conduct weekly PMT and monthly Steering Committee meetings. Maintain a monthly project calendar. Generate minutes for all project meetings and distribute to all stakeholders. Oversight by independent consultant. Standardize use of communication tool. Use of appropriate medium (e-mail).</p> <p>ITSD, PSD, EDS, HHSDC, Dental: Utilize communication tools, support and participate in project meetings.</p> | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|--------------------|---------|-----------------|---------|
| F2 | F | M | H | M | |
| Risk Owner: | | Steering Committee | | | |
| Risk Description: | | | | | |
| Lack of timely and consistent communications to county clients related to issues that may impact project. | | | | | |
| Description of Impact: | | | | | |
| Physical distance of clients and differences in connectivity configurations. Differences in communication tools (e-mail, memos, voice-mail). | | | | | |
| Assumptions: | | | | | |
| The CMS Branch will coordinate the dissemination of information to county clients. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | 5/99 |
| CMS: Publish a monthly project newsletter. ITSD, PSD, EDS, HHSDC, Dental: Contribute to monthly project newsletter. | | | | | |

Legends

| Risk Categories | Probabil ity | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

Risk Assessment Worksheet

| ID Number: | Category: | Probability: | Impact: | Strategy: | Status: |
|--|-----------|--------------------|---------|-----------------|---------|
| G2 | G | H | H | M | |
| Risk Owner: | | Steering Committee | | | |
| Risk Description: | | | | | |
| Project span of control across multiple organizations, multiple agency participation. Project scheduling has a dependency on other division priorities. Stakeholders' lack of availability can impact project schedule. | | | | | |
| Description of Impact: | | | | | |
| HIPAA issues and shortage of resources have a major impact on project progress and the schedule. Business and cultural perceptions (Medi-Cal and Public Health) and differences in revenue produced contribute to priority within DHS. Project schedule slips due to lack of resources and increased project costs. Ramp-up time for orienting new members due to resource turnover. Disagreement over priorities among Division Chiefs. | | | | | |
| Assumptions: | | | | | |
| Project stakeholders will continue to actively participate and provide resources as required to meet project milestones. Department Director needs to set priorities. Steering Committee will resolve or escalate project issues as appropriate. | | | | | |
| Risk Event or Trigger: | | | | Event Date: | |
| Amount of time required to schedule and coordinate meetings with all decision-makers. Missed milestones or project slippage due to other stakeholder priorities. | | | | | |
| Contingency/Action Plan: | | | | Date to Invoke: | Ongoing |
| CMS: Continue to work with all stakeholders to coordinate and negotiate project needs. Continue to track and report issues to Steering Committee. ITSD, PSD, EDS, HHSDC, Dental: Continue to work with CMS and other stakeholders to support project needs. | | | | | |

Legends

| Risk Categories | Probability | Impact | Strategy |
|---|-----------------------------------|-----------------------------------|---|
| A – Customer Risks B – Business and Strategy Risks C – Resource Risks D – Technical Risks E – Financial and Funding Risks F – Communication Risks G – Organizational Risks H – Project Management Risks I – Operational Risks | H = High M = Medium L = Low | H = High M = Medium L = Low | M = Mitigate V = Avoid A = Accept |

ATTACHMENT E

RISK ASSESSMENT SUMMARY REPORT

ATTACHMENT F

ECONOMIC ANALYSIS WORKSHEET ASSUMPTIONS

The following attachment describes the assumptions made during the establishment of the new baseline costs for the existing CMS Net system and the one-time and continuing costs for the CMS Net E47 Project. Each assumption page represents a fiscal year and relates directly to the corresponding EAWs in Attachment K.

Cost assumptions for staff and contract services show a percentage allocated for existing system costs and project costs. Originally the cost for operating the existing system and the development cost were tracked as project costs. The cost of operating the existing CMS Net system, county conversions and HHSDC services were originally identified as part of the CMS Net E47 project. Previous to this SPR, actual amounts were collected for all of the above tasks under a single category called “CMS E47 Project” therefore requiring that assumptions be used for actual cost between existing costs and project costs.

Existing System Cost Worksheet Assumption
FY 97/98*

| | Assumption | Costs |
|-----------------------|--|-------------|
| IT Costs: | | |
| Staff | 70% of actual CMS project staff; 30% of actual ITSD project staff | \$206,656 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Actual costs from CAB; project codes CCS1010, CCS8001 through CCS 8060. | \$1,591,584 |
| Contract Services | 30% of actual amount invoiced for M/Mgmt | \$27,981 |
| | 30% of actual amount invoiced for EDS contract staff | \$45,431 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$127,769 |
| Other | Operating expenses based on department's approved standard of \$15,600 | \$46,800 |
| | Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$2,202,880 |

* Costs are for 6 months only

Existing System Cost Worksheet Assumption
FY 98/99

| | Assumption | Costs |
|-----------------------|--|-------------------------------|
| IT Costs: | | |
| Staff | 70% of actual CMS project staff; 30% of actual ITSD project staff | \$439,143 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Actual costs from CAB; project codes CCS1010, CCS8001 through CCS 8060. | \$1,974,368 |
| Contract Services | 30% of actual amount invoiced for M/Mgmt 30% of actual amount invoiced for EDS contract staff | \$47,855 \$190,598 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$278,593 |
| Other | Operating expenses based on department's approved standard of \$15,800 Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$105,333 \$ 5,149,440 |

Existing System Cost Worksheet Assumption
FY 99/00

| | Assumption | Costs |
|-----------------------|--|--------------|
| IT Costs: | | |
| Staff | 70% of actual CMS project staff; 30% of actual ITSD project staff | \$408,728 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Actual costs from CAB; project codes CCS1010, CCS8001 through CCS 8060. | \$2,270,367 |
| Contract Services | 30% of actual amount invoiced for M/Mgmt | \$92,330 |
| | 30% of actual amount invoiced for EDS contract staff | \$164,935 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$363,683 |
| Other | Operating expenses based on department's approved standard of \$15,800 | \$105,333 |
| | Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$ 5,149,440 |

**Existing System Cost Worksheet Assumption
FY 00/01**

| | Assumption | Costs |
|-----------------------|--|--------------|
| IT Costs: | | |
| Staff | 70% of actual CMS project staff; 30% of actual ITSD project staff | \$363,798 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Actual costs from CAB; project codes CCS1010, CCS8001 through CCS 8060. | \$1,755,617 |
| Contract Services | 30% of actual amount invoiced for M/Mgmt Systems, Inc. | \$102,454 |
| | 30% of actual amount invoiced for EDS contract staff | \$160,695 |
| | 100% of actual amount invoiced for DM Information Systems, Inc. | \$94,657 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$381,456 |
| Other | Operating expenses based on department's approved standard of \$15,800 | \$117,447 |
| | Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$ 5,149,440 |

Existing System Cost Worksheet Assumption
FY 01/02

| | Assumption | Costs |
|-----------------------|--|--------------|
| IT Costs: | | |
| Staff | Estimated | \$601,536 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Estimated costs; project codes CCS1010, CCS8001 through CCS 8060. | \$1,755,617 |
| Contract Services | 80% of contracted amount for DM Information Systems, Inc. | \$240,000 |
| | 80% of estimated amount for EDS contract staff | \$439,825 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Estimated Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$381,456 |
| Other | Estimated operating expenses based on department's approved standard of \$15,800 | \$117,447 |
| | Estimated Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$ 5,149,440 |

Existing System Cost Worksheet Assumption
FY 02/03

| | Assumption | Costs |
|-----------------------|--|--------------|
| IT Costs: | | |
| Staff | Estimated | \$456,000 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Estimated costs; project codes CCS1010, CCS8001 through CCS 8060. | \$1,755,617 |
| Contract Services | 60% of contracted amount for support and maintenance | \$180,000 |
| | 60% of estimated amount for EDS contract staff | \$329,868 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Estimated Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$381,456 |
| Other | Estimated operating expenses based on department's approved standard of \$15,800 | \$117,447 |
| | Estimated Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$ 5,149,440 |

Existing System Cost Worksheet Assumption
FY 03/04

| | Assumption | Costs |
|-----------------------|--|--------------|
| IT Costs: | | |
| Staff | Estimated | \$350,400 |
| Hardware/Software | NA | \$0 |
| Data Center Services | Estimated costs; project codes CCS1010, CCS8001 through CCS 8060. | \$1,755,617 |
| Contract Services | 40% of contracted amount for support and maintenance | \$120,000 |
| | 40% of estimated amount for EDS contract staff | \$219,911 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Program Costs: | | |
| Staff | Estimated Program Technician staff costs for review and processing of claims for State regional offices in Sacramento, San Francisco and Los Angeles. | \$381,456 |
| Other | Estimated operating expenses based on department's approved standard of \$15,800 | \$117,447 |
| | Estimated Local Assistance Costs – County budgeted claims processing staff at an average salary of \$28,000 plus 28% benefit rate. Supervision staff salaries assumed for counties with 8 or more claims processing staff at \$54,000 plus 28% benefit rate. | \$ 5,149,440 |

Alternative System Cost Worksheet Assumption
FY 97/98*

| | Assumption | Costs |
|-----------------------------|---|---|
| One-Time IT Costs: | | |
| Staff | 30% of actual CMS Staff; 70% actual ITSD staff | \$101,215 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 70% of contracted amount for M/Mgmt Systems, Inc. 70% of estimated amount for EDS contract staff FIs: EDS Delta Dental | \$65,287 \$106,007 \$4,255 \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | NA | \$0 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | NA | \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

* Costs are for 6 months only

Alternative System Cost Worksheet Assumption
FY 98/99

| | Assumption | Costs |
|-----------------------------|--|---|
| One-Time IT Costs: | | |
| Staff | 30% of actual CMS Staff; 70% actual ITSD staff | \$258,073 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 70% of contracted amount for M/Mgmt Systems, Inc. 70% of estimated amount for EDS contract staff Visionary Integration Professionals, Inc. FIs: EDS Delta Dental | \$111,661 \$444,730 \$151,848 \$298,713 \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | NA | \$0 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | NA | \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

Alternative System Cost Worksheet Assumption
FY 99/00

| | Assumption | Costs |
|-----------------------------|---|-----------|
| One-Time IT Costs: | | |
| Staff | 30% of actual CMS Staff; 70% actual ITSD staff | \$428,685 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 70% of contracted amount for M/Mgmt Systems, Inc. | \$215,437 |
| | 70% of estimated amount for EDS contract staff | \$384,847 |
| | Visionary Integration Professionals, Inc. | \$768,905 |
| | IBM | \$409,882 |
| | FIs: | |
| | EDS | \$334,535 |
| | Delta Dental | \$107,043 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | NA | \$0 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | NA | \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

Alternative System Cost Worksheet Assumption
FY 00/01

| | Assumption | Costs |
|-----------------------------|---|--|
| One-Time IT Costs: | | |
| Staff | 30% of actual CMS Staff; 70% actual ITSD staff | \$285,164 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 70% of contracted amount for M/Mgmt Systems, Inc. 70% of estimated amount for EDS contract staff Visionary Integration Professionals, Inc. Logicon FIs: EDS Delta Dental | \$239,058 \$374,956 \$1,553,421 \$226,957 \$426,651 \$252,466 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | NA | \$0 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | NA | \$0 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

Alternative System Cost Worksheet Assumption
FY 01/02

| | Assumption | Costs |
|-----------------------------|---|--|
| One-Time IT Costs: | | |
| Staff | Estimated | \$109,056 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | Acquisition Contractor Visionary Integration Professionals, Inc. Oversight Contractor FIs: EDS Delta Dental | \$162,600 \$316,000 \$75,000 \$434,438 \$609,750 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | Estimated | \$105,600 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 40% of contracted amount for DM Information Systems, Inc. 40% of estimated amount for EDS contract staff | \$120,000 \$219,914 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

Alternative System Cost Worksheet Assumption
FY 02/03

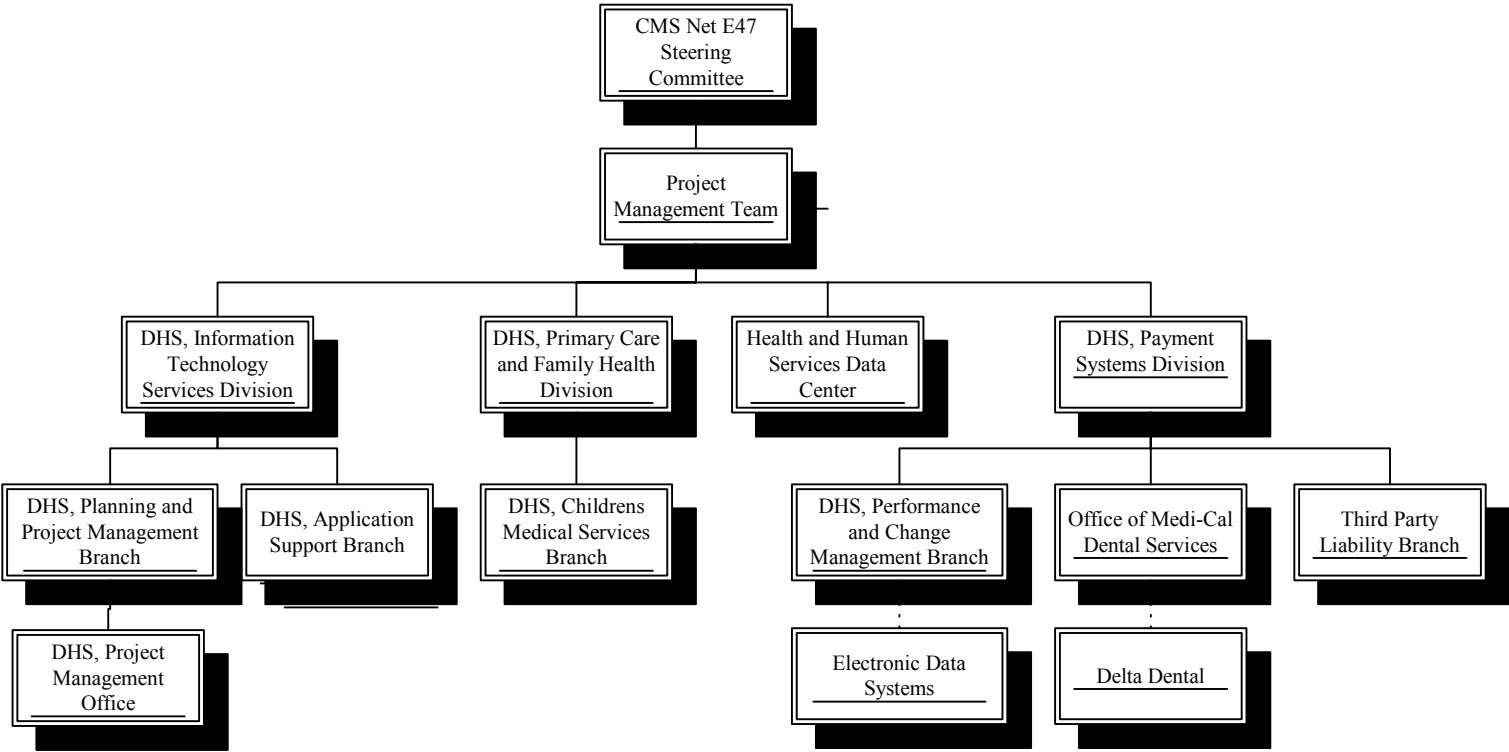
| | Assumption | Costs |
|-----------------------------|---|---|
| One-Time IT Costs: | | |
| Staff | Estimated | \$178,464 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | Visionary Integration Professionals, Inc. Oversight Contractor Development Contractor FIs: EDS Delta Dental | \$316,000 \$300,000 \$969,986 \$295,000 \$267,300 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | Estimated | \$211,200 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 60% of contracted amount for support and maintenance 60% of estimated amount for EDS contract staff | \$180,000 \$329,871 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

Alternative System Cost Worksheet Assumption
FY 03/04

| | Assumption | Costs |
|-----------------------------|---|--|
| One-Time IT Costs: | | |
| Staff | Estimated | \$262,970 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | Visionary Integration Professionals, Inc. Oversight Contractor Development Contractor FIs: EDS Delta Dental | \$158,000 \$150,000 \$262,970 \$150,000 \$92,700 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |
| | | |
| Continuing IT Costs: | | |
| Staff | Estimated | \$316,800 |
| Hardware/Software | NA | \$0 |
| Data Center Services | NA | \$0 |
| Contract Services | 80% of contracted amount for support and maintenance 80% of estimated amount for EDS contract staff | \$240,000 \$439,828 |
| Agency Facilities | NA | \$0 |
| Other | NA | \$0 |

ATTACHMENT G
CMS NET E47 PROJECT ORGANIZATION CHART

CMS Net E47 Project Organization Chart



ATTACHMENT H
CMS NET E47 PROJECT CONTACT LIST

CMS Net E47 Project Contact List

| Children's Medical Services | | | |
|---|---------------------------------|------|----------------------|
| Tameron Mitchell - Project Sponsor, Deputy Director, Primary Care and Family Health | 714 P Street, Room 450 | Fax: | 654-0265 657-0796 |
| Catherine Camacho, Chairperson, Assistant Deputy Director, Primary Care and Family Health | 714 P Street, Room 450 | Fax: | 654-0265 657-0796 |
| Maridee A. Gregory, MD - Chief, CMS Branch | 1515 K Street, Room 400 | Fax: | 327-0360 327-1106 |
| Elisabeth H. Lyman - Assistant Chief, CMS Branch | 1515 K Street, Room 400 | Fax: | 327-0680 327-1106 |
| Byron Roberts – Chief, Information Services Unit, CMS Branch | 1515 K Street, Room 540 | Fax: | 327-2363 327-0997 |
| Harvey Fry – CMS Branch | 1515 K Street, Room 400 | Fax: | 327-2435 327-1106 |
| Karen Burdette – CMS Branch | 1515 K Street, Room 540 | Fax: | 327-2924 327-0997 |
| Bob Morthole – CMS Branch | 1515 K Street, Room 540 | Fax: | 327-1858 327-0997 |
| | | | |
| Electronic Data Systems | | | |
| Rod Bottel, Project Manager | 11050 Olson Drive, Suite 210 | Fax: | 636-4486 636-4216 |
| Chris Clausen, Project Leader | 11050 Olson Drive, Suite 210 | Fax: | 636-4349 636-4216 |
| Donna King, Project Analyst | 3215 Prospect Park Drive | Fax: | 636-1002 |
| | | | |
| Information Technology Services Division | | | |
| Roscoe Williams - Chief Information Officer, Information Technology Services Division | 744 P Street, Room 1100 | | |
| Dave O'Farrell - Chief, Medi-Cal Application Section | 744 P Street, Room 399 | Fax: | 657-1535 654-5916 |
| Marilyn Wensrich - Chief, Planning and Project Management Branch | 744 P Street, Room 1163 | Fax: | 653-8353 657-1160 |
| Terry Daffin (VIP) – Project Manager, Project Management Office | 1515 K Street, Room 540 | Fax: | 327-3075 327-0997 |
| Kathy Sabel – Application Support Branch | 744 P St., Rm. 399 | Fax: | 657-3173 654-5916 |
| Bob Eich – Application Support Branch | 744 P St., Rm. 1098 | Fax: | 657-1482 |
| Robert Morison – Application Support Branch | 744 P St., Rm. 1098 | | 654-0227 |
| | | | |

| Payment Systems Division | | | |
|---|---------------------------------|------|----------------------|
| Bill White – Chief, Performance and Change Management Branch | 3215 Prospect Park Dr., Rm. 190 | Fax: | 464-2119 464-2105 |
| Carol Tetz – Project Analyst, Performance and Change Management Branch | 3215 Prospect Park Dr., Rm. 190 | Fax: | 464-0900 464-2105 |
| Gigi Scott – Project Analyst, Office of Medi-Cal Dental Services | 11155 International Dr., Bldg C | Fax: | 464-0391 464-3783 |
| | | | |
| HHSDC Representative | | | |
| Peggy Peterson – Customer Relations Representative | 1651 Alhambra Blvd. | Fax: | 454-7284 739-7909 |
| | | | |
| Department of Information Technology | | | |
| Valerie Varzos – Oversight Manager, Project Review and Oversight Division | 801 K Street, Suite 2100 | Fax: | 445-5316 445-6524 |
| | | | |
| Delta Dental | | | |
| Chris Grima – Project Manager, Systems Group | 11155 International Dr., Bldg C | Fax: | 861-2483 631-0651 |
| Wendy Sung – Project Manager, Systems Group | 11155 International Dr., Bldg C | | 861-2487 631-0651 |

ATTACHMENT I
EA W FROM THE ORIGINAL FSR

ATTACHMENT J
EA W FROM THE MOST RECENT SPR

ATTACHMENT K
EA W FOR THE PROPOSED CHANGE

ATTACHMENT L
ECONOMIC ANALYSIS SUMMARY WORKSHEET

ATTACHMENT M

PROJECT FUNDING PLAN

ATTACHMENT N

IT PROCUREMENT PLAN

CMS Net E47 Project, Project No. 4260-144 Information Technology Procurement Plan

1.0 Market Research

1.1 Market Research

The DHS proposed three alternatives in the original FSR; the funded alternative was to build and enhance core components of CMS Net and integrate information with existing systems to satisfy business objectives. As recently as April 2001, DHS contracted with an independent consultant to assess the current strategy and identify possible other technology solutions. Timeframes and costs were presented in this assessment for other alternatives such as different technology solutions or Commercial, Off the Shelf (COTS) packages. The recommended alternative was to stay with the existing technology and infrastructure and proceed with the build and integrate alternative as stated in the approved FSR.

1.2 Rational for Make or Buy

Based on the decision to use existing technology and infrastructure in place, DHS will contract with a developer to build and integrate CMS Net with existing systems.

2.0 Acquisition Methodology

2.1 Proposed Acquisition Methodology

Two contractors will be procured under this IT Procurement Plan. The first contract will be for expertise in developing a request for proposal (RFP) for IT development, support and maintenance, and to assist DHS through the procurement process. The contractor will be responsible for developing the RFP including the statement of work (SOW) for the development of the CMS Net E47 project and ongoing support and maintenance of the system. The contractor will also provide assistance during confidential discussion with potential vendors, review and evaluation of draft proposals and review and evaluation of final proposals.

The DHS will use a CMAS contract to procure a contractor for the development of the RFP. The DHS is utilizing CMAS because pre-qualified vendors and pre-established competitive terms and conditions including applicable discounts are available through this means of contracting. Vendors will respond to a SOW describing tasks, responsibilities and deliverables. The Evaluation and Review team will review and score the proposals based on a weighted scale of factors. The vendor with the best value will be awarded the contract. To ensure protection of the State's investment the contract will be awarded on a fixed price basis and payment based on acceptance of deliverables.

The second contract will be for development of CCS Eligibility Phase II – Insurance, Provider Enrollment Phase, and CCS Service Authorization Phase of the CMS Net E47

project. The contract will also include the support and maintenance of the CMS Net System. The developer will be contracted to develop the programming modules necessary to achieve the objectives necessary to automate the claims and review processes and insurance recovery processes. This will include integration into the existing CMS Net System as well as the application program interfaces (API's) necessary for integration to the State's FIs' systems for claims adjudication.

The DHS will use the E-Commerce/E-Government Multiple Award Contract to procure a contractor for the development and support and maintenance. DHS is utilizing the E-Commerce/E-Government Multiple Award Contract because pre-qualified vendors and pre-established competitive terms and conditions, including applicable discounts and maximum protection of the State's investment, are available through this means of contracting.

The DHS will further qualify the vendors on the pre-qualified list to ensure best fit and ability to meet technology and business needs. Vendors will be issued the RFP and engaged in discussions regarding quality of past performance, pricing, discounts and achieving best value. The Evaluation and Review team will review the proposals based on a weighted scale of factors to determine best value. The vendor with the best overall score will be awarded the contract.

2.2 Compliance with Statutory Requirements

The Procurement Division of the Department of General Services will manage the procurements to ensure all appropriate guidelines are followed. The Contract Manager will ensure that the procurements are conducted fairly and equitably.

2.3 Management and Control of the Acquisition Process

The Contract Manager will use a project plan to manage the acquisition process. The plan was developed with the participation of the Department of General Services. The plan has stated timeframes for the deliverables and other milestones. The plan includes both the procurement of the RFP development contractor as well as the procurement of the CMS Net developer. See Attachment A – Developer Procurement Workplan.

3.0 Procurement Risk Management

3.1 Procurement Risk Mitigation

During the procurement process and prior to a contract award, the Project Manager will be responsible for procurement risk mitigation. The Project Manager with the assistance of the Acquisition Team will identify and quantify potential risks, develop risk response for potential risk and invoke the appropriate response.

After the contracts have been awarded and during the contract period, the Project Manager will be responsible for risks to the project, quality assurance, and contractor performance. Prior to payment, contractor deliverables will be inspected for quality and approved against the contractor invoice. The invoice will then be sent to the Contract Manager to approve for payment. Any item not approved by the Project Manager will not be paid.

In addition, the E-Commerce/E-Government Multiple Awards Contract has specific provisions in the following sections to mitigate the risk of entering into such a contract. The Contract Manager will work closely with the Project Manager to identify any non-performance issues and will be responsible for risk mitigation as stated in the contract. The E-Commerce/E-Government Multiple Awards Contract covers the following topics with regard to risk mitigation:

- Payment to Contractor
- Procurement Division's Control of the Multiple Award Contract
- Disabled Veteran Business Enterprise Participation
- Multiple Award Contract Reporting Requirements
- Americans With Disabilities Act Notice
- Forced, Convict, and Indentured Labor
- Grounds for Disqualification
- Performance Bond/Irrevocable Letter of Credit

The CMAS Contract written for the development of the RPF will include requirements and provisions to mitigate risk to the State such as fixed price contract and payment withhold until acceptance of deliverables. The Project Manager will be responsible for quality assurance and inspection of the deliverables and will work closely with the Contract Manager to identify any non-performance issues.

The Contract Manager will ensure that the contractor is in compliance with the terms of the CMAS Contract and take appropriate action for non-performance.

3.2 Investment Protection

The Project Manager will be responsible for the protection of the State's investment, making sure that the contractor complies with the provisions of the contract. The E-Commerce/E-Government Multiple Award Contract has specific provisions to protect the State's investment in the following sections:

- General Terms and Conditions
- Software Special Provisions
- Purchase Special Provisions
- Personal Services Special Provisions
- Approved Contract Language Changes

These sections cover the following topics with regard to investment protection:

- Documentation
- Limitations of Liability
- Indemnification
- Rights in Data
- Protection of Proprietary Software Data
- License Grants
- Encryption/CPU ID Authorization Codes
- Fees and Charges
- Maintenance
- Acceptance of Software
- Rights To Copy or Modify
- Future Releases
- Acceptance Testing for Software
- Liquidated Damages
- Title to Equipment
- Price Decline
- Contract Type
- Personnel
- Responsibilities of the State
- Unanticipated Tasks
- Invoicing and Payment for Services
- Contractor Evaluation

The Contract Manager will work closely with the Project Manager to identify any contractor non-compliance and will be responsible for the contractor's compliance with these provisions.

The CMAS Contract written for the development of the RFP will include requirements and provisions to mitigate risk to the State such as fixed price contract and payment withhold until acceptance of deliverables. The Project Manager will be responsible for quality assurance and approval of deliverables. Deliverables will be verified against the contractor invoice and the invoice sent to the Contract Manager to approve payment.

The Contract Manager will ensure that the contractor is in compliance with the terms of the CMAS Contract and will invoke any necessary action for non-compliance.

4.0 Contract Management Methodology

4.1 Contract Management Methodology

The DHS is currently evaluating the contract management methodology. The Contract Manager will adhere to the methodology established by DHS to manage and measure contractor performance and adherence to the contract. At a minimum the contractor will

be required to meet regularly to provide status on the project and report on major milestone progress. Cost and schedule variance reports will also be required. Deliverables will be the primary form of measurement and formally accepted after testing and/or quality assurance review. Payment will issued after formal acceptance.

4.2 Manage and Measure Contracts

The DHS is currently evaluating the contract management methodology. The Contract Manager will adhere to the methodology established by DHS to manage and measure contractor performance and adherence to the contract. At a minimum the contractor will be required to meet regularly to provide status on the project and report on major milestone progress. Cost and schedule variance reports will also be required. Deliverables will be the primary form of measurement and formally accepted after testing and/or quality assurance review. Payment will issued after formal acceptance.

4.3 Monthly Reports

Reports regarding contractor performance, status, contract changes and amendments, costs, and issues and resolutions will be incorporated into the monthly status reports that DHS currently provides to DOIT and DOF on the status of the CMS Net E47 project. The Project Manager will be responsible for collecting, preparing and disseminating the reports.

4.4 Participants and Teams in IT Procurement Planning

| Name | Title | Office | Phone |
|------------------|--|---------------|--------------|
| Marilyn Wensrich | Chief, Planning and Project Management Branch | DHS | 653-8353 |
| Terry Daffin | CMS Net E47 Project Manager | DHS | 327-3075 |
| Tom Burton | Procurement Manager | DGS | 323-7503 |
| To Be Determined | Contract Manager | DHS | |
| Byron Roberts | CMS, Information Services Unit, Chief | DHS | 327-2363 |
| Bob Morthole | CMS, Information Technology Services Unit, Chief | DHS | 327-1858 |

| Team Name | Participant Name |
|----------------------------|--|
| Acquisition Team | Terry Daffin Tom Burton Contract Manager CMS Branch Staff Acquisition Vendor |
| Evaluation and Review Team | Terry Daffin |

| Team Name | Participant Name |
|-----------|---|
| | Tom Burton Byron Roberts Bob Morthole Acquisition Vendor |

4.5 Solicitation Key Action Dates

| Action | Date |
|-------------------------------------|-----------|
| Complete the development of the RFP | 1/30/2001 |
| Issue RFP for CMS Net E47 Developer | 2/28/2001 |
| Receive final proposals w/costs | 6/24/2002 |
| Award Contract to Developer | 8/5/2002 |

See Attachment A – Developer Procurement Workplan for all tasks and dates.

5.0 Evaluation Factors and Standards Criteria

5.1 Factors and Standards

The Acquisition Team is responsible for the development of evaluation factors and standards criteria and will be included as part of the RFP for the procurement of the CMS Net developer and support and maintenance contractor.